

## NEWS SUMMARY

GENERAL BUSINESS

### Lebanon looks for new leader

Lebanon President Elias Sarkis today begins talks on the resignation of Prime Minister Selim al-Hoss at the weekend.

Dr. Hoss said he was stepping aside to make room for a Government that would restore national unity.

But his resignation has caused deep anxiety at a time of increasing factional violence in the country. Page 2

### Missile threat

Palestinian guerrilla leader said in Beirut that Libya has supplied guerrillas with missiles capable of striking 25 miles into Israel. Page 2

### Henry Miller dies

Author Henry Miller, whose early novels, including *Tropic of Cancer* and *Tropic of Capricorn*, were banned as pornography in many countries, died in Los Angeles. He was 88.

### Bombings wave

Provisional IRA claimed responsibility for the wave of bombings and shootings which swept Northern Ireland. An Army bomb disposal expert was recovering in hospital after being injured in a Danganooon blast.

### Cannabis haul

Cannabis worth more than \$5m was retrieved from a ship in Rotterdam in a joint operation by Scotland Yard drug squad officers and Dutch police. Twelve people were helping police with inquiries.

### Computer fixed

U.S. Defence Department said it had detected and fixed the computer failure responsible for giving two false alarms last week about Soviet missile attacks. Page 2

### Gandhi Cabinet

Indian Premier Indira Gandhi appointed three new Cabinet Ministers, including Mr. Vidyacharan Shukla who as Information Minister was responsible for strict Press censorship during the 21 month emergency. Page 2

### Appeal to rebels

France's Commissioner in the New Hebrides is to visit the island of Espiritu Santo today to try to persuade secessionist leader Jimmy Roberts to negotiate a peaceful end to his rebellion.

### Mugabe pledge

Zimbabwe Premier Robert Mugabe pledged a major purge by his army of dissident guerrillas still roaming the countryside.

### Carson's treble

Jockey Willie Carson, who rode the winners of the Derby and the Oaks at Epsom last week, completed a great treble on Pollockman in the French Derby at Chantilly. Yorkshireman Charles Milbank trains Pollockman in Chantilly. Dominic Wigan. Page 14

### Briefly...

Five of more than 20 people arrested in Guyana were charged with treason.  
Bjorn Borg of Sweden won the French Open tennis title for a record fifth time, beating Vitas Gerulaitis of the U.S. Tennis. Page 15  
World motor mileage record of 2,699 miles to the gallon was set in Sydney by a vehicle powered by a 10cc model aircraft engine.

BUSINESS

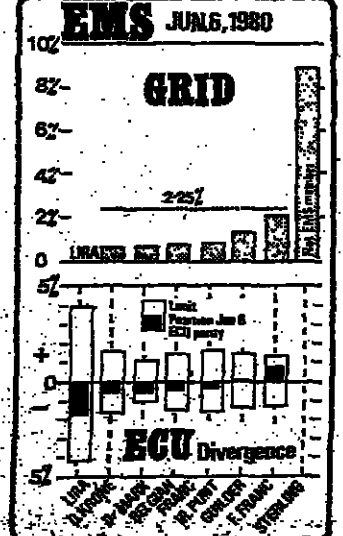
### Jaguar to run BL's Fisher body plant

BL will inform workers that control of the Castle Bromwich body plant in Birmingham is to be transferred from Pressed Steel Fisher to Jaguar Cars, but denying that Jaguar is to be sold. Back Page

ITALY'S LIRA was again the weakest member of the European Monetary System, leading to suggestions that it may be devalued, despite the fact that it is well within EMS limits.

The French franc and Dutch guilder were the firmest currencies in the EMS, followed by the Irish punt and Belgian franc, with a little difference between the De-Mark and Danish kroner.

European interest rates tended to decline, following the cut in U.S. rates. The Belgian National Bank reduced its Lombard rate, but left the discount rate unchanged.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency is allowed to diverge. The lower chart shows each currency's divergence from its central rate against the European Currency Unit (ECU), itself a basket of European currencies.

ACCOUNTING Standards Committee plans to ask companies in the oil and gas industries to disclose the volume of their proved reserves to overcome special inflation accounting problems. Back Page

AUSTRALIA is challenging U.S. attempts to extend anti-trust laws to foreigners outside its territory and the U.S. practice of handing down multiple damage judgments. Back Page

SWEDEN could see a rise in consumer prices of at least 12 per cent this year with further worsening of the balance of payments, says an OECD survey. Page 2

BOOTS, pharmaceutical and retail chemists group will switch from gas/oil fuel to coal at its Beeston plant near Nottingham. It could eventually use \$50,000 tonnes of coal a year. Page 3

TUC general secretary Len Murray is expected to meet officials of the Central Electricity Generating Board this week in a bid to end the Isle of Grain power station dispute. Page 4

C. T. BOWRING (Underwriting Agencies) of the Lloyd's group has told its syndicate members that substantial reserves had to be created for outstanding losses on computer leasing insurance policies. Back Page

CHARTERHOUSE Group, which is entering the U.S. textiles industry with a \$30.5m (£15m) takeover, expects to announce a shipping service deal soon with a privately-owned U.S. company. Page 18

CROWN AGENTS for Overseas Government and Administration cut its deficit on property and fringe banking loans from £208.6m in 1978 to £17.9m last year. Page 18

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## Oil exporters not expected to agree on price structure

BY RICHARD JOHNS IN ALGIERS

Oil Ministers from the Organisation of Petroleum Exporting Countries are unlikely to agree on a unified and orderly system of oil prices at their conference beginning in Algiers today. Most members are resigned to continuation of the disparity in crude oil prices.

The price of Saudi Arabian market crude is \$28 a barrel. Iran is asking \$35-\$37, while North African producers recently set prices of \$36-\$38 for premium crudes.

Yesterday Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, said that he would be surprised if there was an agreement on pricing. The most obvious area of compromise on which speculation has centred, a basic reference price of \$32, with a little difference between the De-Mark and Danish kroner.

Iraq is to take the initiative in proposing a \$32 price. Mr. Tayeb Abdel-Karim, Minister of Oil, said that such a reference price for the mainstream light crudes of the Gulf would be a "reasonable compromise" but that achieving it would necessitate involving an accord on limiting production.

Iraq was prepared to make the "sacrifice" of reducing her own output so that the average OPEC level would be "of benefit to all," he told reporters in what appeared an indirect pre-conference challenge to Saudi Arabia.

Iraq is producing 3.5m-3.7m barrels a day and has capacity in hand, according to Mr. Abdel-Karim.

As always, however, Saudi Arabia is the key to any attempt

to co-ordinate production. At present she probably accounts for rather more than a third of total OPEC output.

The critical question is whether the Kingdom is willing to reduce the volume from its 9.5m barrels-a-day maximum allowed since last July to the "official" ceiling of 8.5m.

All the indications are that Saudi Arabia will continue at the upper level in the third quarter, and would reimpose the old limit only in return for other producers bringing down their prices.

After OPEC's extraordinary conference in Taif last month Sheikh Yamani said that chances of reunification of OPEC's price structure depended on other producers bringing down their rates to meet Saudi Arabia's "somewhere."

Apart from that, Saudi Arabia has always refused to allow her sovereignty over output levels to be impaired in any way by OPEC.

Last month Sheikh Yamani predicted "a collapse of prices by late autumn or next spring at the latest" because of the inelasticity of prices in response to lower demand during the "mini-glut" this year and continuing price increases by OPEC

members. But observers believe such a development unlikely. Any downward pressure on rates realised would depend on Saudi Arabia's maintaining her present maximum permissible output.

In contrast to the optimism expressed by his Iraqi counterpart, Dr. Mana Otaiba, the United Arab Emirates Oil Minister, voiced grave doubts about order being restored to OPEC's price structure.

Even more significant were the remarks of Dr. Humberto Calderon, Bert. Venezuelan Minister of Energy, on his arrival here. In a clear indication that Venezuela had renounced the struggle to unify prices, having tried strenuously last December at Caracas, he said that prices were not the main issue.

Instead he put the emphasis on opening Western markets to products other than oil from the Third World generally, and OPEC members in particular. Nevertheless, the majority do want to see price reunification before the end of the year. A report on the subject by OPEC's Ministerial Committee on Long-Term Strategy was approved in principle at Taif last month, but only with important "reservations" on the part of Iran, Algeria and Libya.

## EEC summit to study ways of recycling OPEC funds

BY JOHN WYLES IN BRUSSELS

POSSIBLE EEC moves to assist in recycling the huge financial surpluses being built up by the OPEC oil producers will be considered by the community's Finance Ministers when they meet in Luxembourg today.

Further discussion will take place at the EEC heads of government summit starting in Venice on Thursday.

With the row over Britain's contributions to the EEC budget settled, this will offer the first occasion in more than a year for the heads of government to give undivided attention to other major issues.

The focus at Venice is likely to be heavily international. It will include a controversial declaration on the Middle East, preparation for the so-called North-South dialogue later in the year and the related problem of recycling OPEC funds

— expected to be between \$100bn (£45m) and \$120bn this year — for the benefit of less developed countries (LDCs)

with oil-inspired balance-of-payments difficulties.

Today's Ministerial meeting will have before it a confidential paper prepared by the EEC's monetary committee, which is made up of representatives of the Nine's central banks and treasuries.

The paper, which suggests some modest recycling initiatives by the community, argues that the recycling task should be borne largely by the international financial markets and the main international financial institutions—the International Monetary Fund, the World Bank and the regional development banks.

There should be no recycling crisis this year and next, the paper says, but there could be a sharp deterioration later because oil price levels will almost certainly be increased.

The debt burden of non-oil LDCs had leapt from \$75bn in 1973 to \$250bn at the end of last year. Financial markets and commercial banks are unlikely, therefore, to be ready to in-

crease greatly their exposures to help pay for the developing world's growing oil deficit.

But the paper says the IMF and the World Bank have sufficient resources to help ease the position. Among other things, the IMF should consider relaxing its credit conditions for LDCs whose economic problems are structural rather than cyclical.

The monetary committee believes the entire EEC will be in balance-of-payments deficit this year (\$30bn in oil payments alone), limiting its scope for direct aid to the LDCs.

But the community could be more generous when renegotiating its financial protocols with LDCs, says the paper. It also suggests tapping OPEC funds directly through EEC loan institutions such as the European Investment Bank, as well as triangular arrangements whereby the community borrows from OPEC countries for lending on to LDCs.

The paper is only the first Continued Back Page

## Banks set to grant home loans

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BRITAIN'S TWO largest commercial banks, Barclays and NatWest, are expected to announce plans to enter the home loans market in the next month or so.

At least one of the banks is likely to launch new savings accounts to provide a range of savings instruments comparable with those available from the building societies. Other clearing banks may follow.

Initially most of the clearers seem to be interested in the top

end of the mortgage market. The NatWest scheme will be aimed at higher income earners.

In the past year both Barclays and NatWest have made it clear they want to introduce mortgage lending. They have waited until the abolition of the corset controls of bank activities, which disappear this month, to launch their schemes.

Even now, their initial ventures into mortgages will be restricted because of official concern that there must not be a

surge in personal bank lending. In view of this, both Barclays and NatWest are expected to play down the immediate importance of the moves.

A senior NatWest official said yesterday his bank was "all geared up and ready to go" with a mortgage scheme. It would be run through a subsidiary.

Other major banks, including Midland and Lloyds, have entered the home loans market in a small way.

## Barre likely to stay in office

BY TERRY DODSWORTH IN PARIS

A STRONG HINT that M. Raymond Barre, the architect of France's economic austerity programme, will remain as head of the Government up to the presidential elections next spring was given in a letter sent to the Prime Minister by President Giscard d'Estaing at the weekend.

The letter sets out the Government programme for the next six months. But it also underlines that the President would like the measures to be carried out "under the authority" of M. Barre, a phrase which is being interpreted to

mean that the Prime Minister is safe for some time to come.

In the last few months the strong pre-Christmas rumours that M. Barre would be replaced have died down. There are several reasons for this change, including the evident recovery in M. Barre's health after his autumn spell in hospital, and the lack of an obvious successor who would get on as well with the President.

But it is also felt that the Government can no longer afford a violent switch to overtly electioneering expansionary economic policies of the type which M. Barre has repeatedly condemned. Such a

move would be difficult to justify politically after the repeated claims that austerity was the only answer to France's problems, and is becoming more and more difficult to engineer as imported oil imposes extra burdens on the economy.

Given these restrictions, M. Barre has excellent credentials to continue the austerity programme. The President obliquely recognises these qualities in his letter, stressing that the Prime Minister has carried out the Government's policies "with resolution," in spite of the difficult circumstances caused by the increase in oil prices.

## Scots may bid for Ferranti stake

By Ray Perman, Scottish Correspondent

SCOTTISH FINANCIAL institutions are considering forming a consortium to bid for the National Enterprise Board's 50 per cent stake in Ferranti, which is to be offered for sale shortly.

They are being encouraged by the Scottish Office, which is deeply concerned about the impact on the Scottish economy of a takeover of the company by one of the large UK electrical groups such as GEC or Racal, which are both potential bidders.

Scottish Ministers and officials have been lobbying strongly in London against selling the shares to a single owner, an option which the company itself also strongly opposes.

They believe that a takeover by another electronics company would inevitably mean rationalisation and the loss of jobs in Scotland.

Ferranti has 10 factories specialising in advanced defence and space electronics in Scotland and is building two more. They are highly profitable, contributing £6m, about 60 per cent of the company's pre-tax earnings in 1978-79.

Their contribution to the Scottish regional economy is considerable, both in the direct employment of 7,300 people, including 1,500 at higher certificate or degree level, and in the other activities and ideas they generate.

Ferranti is one of the few electronics companies in Scotland with a large commitment to research and development.

A number of Scottish financial houses have signalled interest. They are confident that if they do decide to bid they could raise the necessary £50m.

They would prefer to buy into the Ferranti Scottish group, which is virtually autonomous, rather than into the company as a whole. But it appears that legal and other problems would make a separate bid difficult to arrange within the time-limit set for the sale.

The Government is anxious to have the sale completed quickly and the NEB has said it would like to offer its shares by the end of the month.

The alternative being considered in Scotland is to bid for the entire NEB share, with a view to disposing of the non-Scottish interests at some later date.

## Williams may quit party over EEC

BY ELINOR GOODMAN, LOBBY STAFF

MRS. SHIRLEY WILLIAMS, former Labour Cabinet Minister and one of Labour's biggest electoral assets, yesterday gave her most explicit warning that she would be unable to stay in the party if it committed itself to pulling out of Europe.

It came among further indications that the question of Britain's continued membership of the Common Market threatened to split the party more profoundly than the skirmishing over constitutional issues since the General Election.

This was despite a public attempt by Mr. Peter Shore, Shadow Foreign Secretary, to cool the issue, and private belief of some Left-wing members of the party's Executive that it would be better to avoid a head-on clash over Europe at this stage and merely edge the party closer to a policy of withdrawal.

Interviewed on Radio 4, Mrs. Williams, who lost her seat at the last General Election, said she could not herself stay in a party committed to getting out

of Europe "without even attempting in a really serious way a major reform."

She repeated, however, that any new centre party which Mr. Jenkins, former Labour Minister and now President of the EEC, might try to launch, Mr. Jenkins is expected to use a long-standing speaking engagement in Westminster today to repeat his attack on the two-party system and to prepare the ground for a new party which could provide a refuge for Labour MPs who split with the party over Europe.

But yesterday Mrs. Williams—whose membership would be of crucial importance to any centre party—was dismissive about its prospects. A centre party, she said, "would have no roots, no principles, no philosophy and no values."

Mrs. Williams was one of three Labour pro-Marketters to put out a statement at the weekend warning of the dangers for Labour of committing itself to withdrawal from Europe. But Continued on Back Page

## MPs pay row likely

BY ELINOR GOODMAN

AN ARGUMENT seems to be developing in Cabinet over the question of MPs' pay.

The point at issue is whether the Government will honour its promise to keep MPs' earnings in line with the general rise in earnings, or whether members should once again be asked to exercise restraint in the interests of the Government's wider anti-inflation policy.

MPs are due to get a flat rise of £1,275 this week, taking their salaries up to £10,725, as part of a stage deal agreed last year. There seems little doubt that they will get this increase, as it would require a vote in the Commons to prevent it.

But it is less clear when the Government will keep its verbal promise to implement the recommendations of Lord Boyle's Top Salaries Review Board. The Board is to recommend how much more MPs need, on top of the £1,275, to ensure their earnings do not fall behind other professions as a result of the Government's decision last year to stage the £5,000 increase recommended by the Board.

This topping-up money could be as much as 18 per cent,

which would mean MPs would get an increase of over 30 per cent, while other workers were being asked to moderate their pay demands.

The TSRB has not yet sent its report on MPs' pay to the Prime Minister, but the scene is already set for an argument among Ministers. Some feel it would be impossible to go back on the Government's promise to index MPs' pay. Others feel equally strongly that it would do great damage to the Government's anti-inflation policy if MPs' were given an increase of over 30 per cent just at the beginning of the next pay round.

Some Ministers are arguing that it might be worth a confrontation with Parliament if it meant that MPs—and not the Government—were seen to be approving the increase.

### £ in New York

	June 6	Previous
spot	82.5556-5370	82.5325-5360
1 month	1.53-1.57	1.50-1.45
3 months	3.95-3.98	3.95-3.85
12 months	9.95-9.15	10.45-9.30

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OVERSEAS NEWS

Brandt warns Social Democrats

BY JONATHAN CARR IN BONN

A WARNING to West Germany's ruling Social Democrats not to sit back and consider the October general election as good as won has been issued by the party chairman, Herr Willy Brandt.

In an address on the eve of the Party's national congress starting in Essen today, Herr Brandt stressed that nothing could be more dangerous than to assume that the Opposition's candidate for Chancellor, Herr Franz Josef Strauss, was already virtually defeated.

Herr Brandt and other SPD leaders made clear that they did not feel it likely that their own party would win an absolute majority in the election. There-

fore they would need to continue their decade-old alliance with the liberal Free Democrats.

At the last general election in 1976, the SPD polled 42.6 per cent of the vote, the FDP 7.9 per cent and the opposition CDU-CSU 49.5 per cent. Opinion polls have indicated recently that the SPD has a major bonus in its popular Chancellor, Herr Helmut Schmidt, and that the CDU-CSU seems at present to be heading for defeat.

During its two-day congress the SPD is bound to vote in support of continuing coalition with the FDP, which has just ended its own congress with an overwhelming demonstration of support for the alliance.

But the SPD will also be aware of current East-West tensions, of signs that an economic downturn is likely in the second half of this year and that the opposition will be exploiting every difficulty between now and the autumn.

Under the motto "Security for Germany" the congress will begin with a keynote speech by Herr Schmidt who is expected to dwell on foreign policy issues in particular. Besides underlining Bonn's attitude on the Iran and Afghanistan issues and the need for his visit to Moscow in three weeks time, Herr Schmidt is expected to make some tough comments on the current state of the European Community.

In advance of his speech, leading members of the SPD have strongly urged reform of the Common Agricultural Policy and have indirectly criticised the speech last week by the President Valéry Giscard d'Estaing of France, in which he called for a pause in EEC enlargement.

Herr Bruno Friedrich, an SPD foreign policy expert, linked France's scepticism on enlargement with its unwillingness to reform the CAP. He said the French attitude raised the question of whether the EEC could continue much longer in its present form.

Computer failures now fixed, says U.S.

By David Suchan in Washington

THE U.S. Defence Department says it has detected and fixed the computer failures that twice last week sent out false signals that the U.S. was under attack by Soviet nuclear missiles.

The alarms, on Tuesday and Friday, automatically led the Strategic Air Command, based at Omaha, Nebraska, to start the engines of extra nuclear-armed B-52 bombers. Some B-52s are always kept aloft in case of a surprise attack.

Embarrassed Defence Department officials have explained that the computer that failed on Tuesday was deliberately left on-line and monitored so that when it malfunctioned on Friday the technical fault was detected.

For the B-52s to fly beyond a certain limit towards the Soviet Union or for U.S. missiles to be launched requires a presidential order and is not automatic. Nonetheless the Soviet news agency has complained angrily that the computer failures which had the effect of putting the B-52s on alert for several minutes threatened the world "on the brink of nuclear war."

Last November, a different problem led to a nuclear false alarm. A test tape simulating an attack was fed into the North American Air Defence (NORAD) computer. But because something went wrong it was sent on to other military commands and Government agencies.

In London, Labour MPs will demand an emergency Commons debate today on the computer errors which, they say, put mankind "on the brink of nuclear extinction."

If the Speaker refuses an emergency debate the MPs say they will barrage Ministers with questions.

Sarkis to start talks on new Cabinet for Lebanon

BY ISHAN HIJAZI IN BEIRUT

PRESIDENT Elias Sarkis of Lebanon will today begin consultations on the formation of a new Government following the resignation on Saturday of the Prime Minister, Mr. Selim al-Hoss. Dr. Hoss left it to Mr. Sarkis to decide when to accept the resignation.

He said he was stepping aside to allow room for the formation of a Government that could restore national unity. However, the resignation has worsened the political situation and caused profound anxiety in a country burdened by a new wave of violence and factional unrest.

President Sarkis is believed to want Moslem and militia commanders to join the Government to help him deal with the security situation. But formation of a new Government is expected to prove difficult.

In another development, a Palestinian guerrilla leader said yesterday the guerrillas now possessed long-range missiles capable of hitting the Israeli heartland. Captain Ahmed Jibril, general secretary of the Popular Front for the Liberation of Palestine's general command, said in an interview that guerrillas had completed training on "Soviet" and "American" made rockets with a range of more than 20 miles. The missiles had been provided by Libya.

L. Daniel reports from Jerusalem that Mr. Monahem Begin, Israel's Prime Minister, yesterday attacked a Security Council resolution which last week held Israel responsible for assassination attempts against three West Bank mayors.

Mr. Begin reaffirmed that Israel would do everything possible to bring to justice the perpetrators of the attacks.

Official flying to rebel isle

ESPRITU SANTO—Despite objections from his British counterpart, the French resident commissioner in the New Hebrides condominium plans to fly here today to seek a solution to the separatist rebellion led by Mr. Jimmy Stevens.

The rebellion is over demands that Espiritu Santo be separated from the New Hebrides when it gains independence from Britain and France next month. So far it has led to the evacuation of 1,500 people, including about 100 British and Commonwealth citizens.

It has also pitted the British and French administrations against each other and led to emergency meetings in Paris and London. The two countries have jointly ruled the New Hebrides for 74 years.

M. Jean-Jacques Robert, the French Commissioner, was yesterday planning to fly to the rebel island in an aircraft sent from the French territory of New Caledonia. French officials said. He was travelling on the orders of the French Minister for Overseas Territories, M. Paul Dijoud.

In London it was reported that the British Defence Ministry had despatched three more military advisers to the New Hebrides to assess the situation. Two British military experts are already there and have sent back preliminary reports.

Spain moves to revive car sales

BY OUR MADRID CORRESPONDENT

THE SPANISH Government has slightly lowered the luxury tax on small cars and considerably increased credit facilities for buyers in a weekend move aimed at reviving the domestic car sector. The Cabinet also announced a second increase in fuel prices this year.

The tax on small cars was brought down from 26 per cent of the net price to 23.4 per cent. Manufacturers, faced with a sales drop estimated at 20 per cent this year, had asked for a 10 per cent cut.

The reduction, introduced by the Cabinet after a meeting on Friday, will be in effect until the end of the year.

The Government, however, agreed to manufacturers' proposals on credit facilities which are regulated by the Industry Ministry. The mandatory 25 per cent down-payment was cut to 15 per cent and credit was extended to three years from two years.

Petrol increases, the first since January, were about 7.5 per cent with 96-octane petrol, the most popular brand, being raised to £1.69 a gallon. Diesel oil was increased by between 15 and 21 per cent, heating oil by 22.9 per cent and kerosene by 19 per cent.

The Government said the increases were brought on by the increased import bill coupled with the fall in the value of the peseta on the international market. Accordingly inflationary effects of the increases were calculated to be about 0.4 per cent.

Reuter reports from Bonn: West Germany's first voluntary car-free Sunday proved a failure yesterday despite weeks of campaigning by the interior minister, Herr Gerhart Baum, and environmentalist groups. With some regional exceptions, police reported the usual traffic flow for a sunny Sunday, with thousands of family cars heading for favourite excursion spots.

Gloomy forecast for Sweden

BY TERRY DODSWORTH IN PARIS

FURTHER DETERIORATION in Sweden's balance of payments deficit and a rise in consumer prices of at least 12 per cent this year, are forecast in the latest review of the country's economy by the Organisation for Economic Co-operation and Development.

The report, written before the recent Swedish wage agreement, makes it clear that a high settlement would tend to exacerbate inflation and worsen Sweden's international competitiveness. But it says that growth in gross domestic product, predicted at around 3 per cent against 3.8 per cent last year, should not be affected seriously.

A more serious challenge to growth, according to the OECD, is the rise in oil prices. Even a further 10 per cent increase could cut GDP expansion by half a per cent in 1980. This is partly because Sweden is so dependent on oil for its energy and partly because of the country's reliance on export markets which may also be hit by higher energy costs.

The main blame for the deterioration in the current account, which was back in balance in 1978, is also placed on oil price increases.

During 1979, says the OECD, unemployment remained low and competitiveness was maintained because of modest wage increases and a recovery in productivity. But the sharp rise in oil prices undermined the current account, pushing up the deficit by \$2.5bn (£1.07bn) last year and leading to expectations of a further deterioration to \$4.5bn in 1980.

The OECD makes three main recommendations: rapid expansion industrial capacity should be encouraged; competitiveness should be maintained through improvements in productivity; and the growth in overseas payments should be reduced by additional energy conservation measures and development of domestic energy.

Iranian Left splits over Kurds

BY ANDREW WHITLEY IN TEHRAN

AN OPEN split has occurred in the ranks of Iran's leading Marxist organisation, the Fedayin-e-Khalq, with the majority faction backing the more conservative line taken by the pro-Moscow Tudeh party.

The split opens the possibility of a realignment of the splintered forces of the Iranian Left, which is divided over two major issues: the Kurdish fighting; and whether or not to back Ayatollah Khomeini and President Abol Hassan Bani-Sadr.

Confirmation of the break, which has been brewing for several months, comes in the latest issue of the Fedayin's weekly magazine Kar. In it the minority faction, favouring a more revolutionary line, attacked the authors of an earlier editorial opposed to autonomy for the Kurds.

The Fedayin, who were active against the Shah's regime throughout the 1970s, have close links with radical Palestinian groups.

The origins of the latest breach date back to the fighting on university campuses in the third week of April when the Fedayin leadership reached a midnight agreement with Mr. Bani-Sadr, bitterly disappointing those who wanted to continue resisting the attacks of the right wing "Party of God."

Meanwhile, the political fighting between the President and Mr. Bani-Sadr, bitterly disappointing those who wanted to continue resisting the attacks of the right wing "Party of God."

Mrs. Gandhi adds new ministers to Cabinet

BY K. K. SHARMA IN NEW DELHI

MRS. Indira Gandhi, India's Prime Minister, yesterday strengthened her Cabinet when she added 15 Ministers to her Government.

Among the three new Ministers of Cabinet rank is Mr. Vidya Charan Shukla who was accused, and acquitted, with Mr. Sanjay Gandhi, the Prime Minister's son, in a conspiracy and theft case brought against them by the previous Janata Government.

Mr. Shukla has been given the relatively unimportant post of Minister of Civil Supplies.

The other new Cabinet Ministers are Mr. Narain Chandra Tiwari, a former Chief Minister of Uttar Pradesh, who has been given the Planning portfolio, and Mr. Kedar Nath Pandey, a former Chief Minister of Bihar, who becomes Minister of Irrigation.

They key portfolio of Defence, Steel and Industry remain without permanent Cabinet Ministers. Mrs. Gandhi has been criticised for not filling the posts, and with several Permanent Secretaries in charge of various key ministries having just changed, an impression has been created of a vacuum in the administration.

Mrs. Gandhi has, however, found Chief Ministers for the eight states where the Congress Party won in the recent elections.

Ferry doubts after capsizing

By William Hall, Shipping Correspondent

DOUBTS ABOUT the stability of roll-on/roll-off ferries are likely to follow the loss of the Swedish ship, Zenobia off Cyprus on Saturday.

The 10,000-dwt vessel was the first of a new generation of ferries built by Kockums of Sweden and carried vehicles from Yugoslavia to Syria for United Middle East Ferries.

The ship was taken to Cyprus to be pulled out last week after listing seriously. Early on Saturday she capsized and sank with a load of 120 trailers.

The loss followed an earlier incident of serious listing in February which was blamed on negligent cargo-lashing.

WORLD TRADE NEWS

Turkish oil deal with Iran

BY ANDREW WHITLEY IN TEHRAN

TURKEY HAS agreed to increase its purchases of Iranian oil to approximately 3m tonnes, an average of over 61,000 barrels a day this year, making it Iran's fourth largest oil customer.

To facilitate payments for the oil—1.1m tonnes above the present level—Turkish exports of foodstuffs and industrial goods to its eastern neighbour are to be substantially increased.

The official Pars News Agency said yesterday agreement had been reached on the purchase of wheat, barley, corn, peas, flour, dried milk and cement, but did not give details of the amounts involved or say when deliveries would commence. Iran is suffering a shortage of milk and cement.

Discussions are still continuing on the provision by Turkey of a wide range of other goods, including beef, sheep meat, milk, fertilisers, medicines, tractors and locomotives.

Despite the appreciable increase in bilateral trade which will result from the latest negotiations Turkish sources were anxious to stress that a formal trade agreement has not been signed.

Turkey is known to have come under pressure from the U.S. to participate in the West's economic sanctions against Iran, but is resisting on the grounds that it can provide a channel of friendly communication to the Iranian authorities if it is not forced into becoming an adversary of Tehran.

According to Pars, two technical agreements were signed yesterday between the Iranian Government and the head of a visiting Turkish delegation. These related to transit and payment arrangements for the goods involved.

Both sides are keen for greater use to be made of Turkey's railway system once a section of the line threatened by Iranian Kurdish rebels is secured.

Shipowners urge caution on building

By Our Shipping Correspondent in Piraeus

MANY OF the world's leading shipowners appeared to be in a much more confident mood as they dined between the endless cocktail parties at last week's Posidonia international shipping exhibition in Greece.

However, their confidence was tinged with worries that the recent upturn in freight rates was already leading to another sharp jump in new ship orders which could easily prejudice the recovery in the dry cargo market.

Addressing the traditional question-and-answer forum at the end of the exhibition, Sir Yue-Kong Pao, the world's largest private shipowner, warned that the recent surge in new shipbuilding contracts "might negate" the revival in the medium sized tanker market.

Mr. Christopher Salen, chairman of Sweden's Salen ship group, appeared to be even more pessimistic about the impact of the recent trend in new orders. Mr. Salen noted that the combination of an upturn in demand, port congestion and a sharp drop in orders has led to a good recovery from the shipping recession of three years ago.

However, the improvement in freight rates led to a doubling in the size of the bulk carrier orderbook last year and Mr. Salen warned that "this could well indicate that we are back in dangerous times again."

He singled out the dangers of over zealous ordering of new coal bulk carriers, in particular. Many suspected the accuracy of a recent study by a major oil company, which indicated that an additional 1,000 large bulk coal carriers would be needed in the 1980s.

Mr. Salen emphasised that while the short term markets were relatively profitable, longer term prospects were not.

The implication is that charterers believe future freight rates would fall. Mr. Salen said that despite these inauspicious signs owners are ordering more tonnage and bankers "that one thought had sworn to learn from the experience in the past few years" are once again very keen to lend money.

BRITAIN'S EXPORT CHALLENGE

BY LORNE BARLING

THE fight to keep foreign markets are still holding up, profits there are being severely squeezed.

Mr. Reg Parkes, chairman of Brockhouse and of the CBI West Midlands region, said: "In volume-sensitive industries money goes down the drain very rapidly when you fall below break-even point, so exports are now vitally important. At present industry seems to be maintaining the value of exports, but not volume."

However, he believes that companies must not reduce their export efforts, since a change in conditions, such as a fall in the value of sterling, could alter the situation rapidly and restore profitability.

According to the CBI, most engineering-based industries in the area, such as manufacturers of motor components, forgings and castings, are suffering from export problems, while some special products are selling better. Aerospace equipment, notably manufactured by Lucas, remains in strong demand.

Mr. Walter Waller, group marketing director of Lucas, which attributes its 3,000 plant redundancies partly to falling overseas demand, said he believed future exports by British companies depended to a large extent on the view buyers take of the British inflation rate.

"We don't lose contracts

The fight to keep foreign markets

overnight, but when companies abroad are considering buying components for a new model, they take a view of the inflation rate in the UK before committing themselves," he said.

The present problem for Lucas Electrical is that although its direct exports are growing, that rate of growth is not fast enough to take up the slack in the stagnant British market.

BL, which last year exported more than 22,000 cars excluding the North American market, is also having its margins eroded and is facing difficulties in the U.S. But it hopes to offset this with bigger Land Rover and Range Rover exports as it increases their production.

According to the Society of Motor Manufacturers and Traders, motor component companies are aware of the dangers of pulling out of markets only to find they cannot regain them later, but some smaller exporters may have little option if conditions worsen.

Tube Investments, for example, said that although it would not give up markets easily, there were limits to its endurance in some. "We don't pursue a policy of exporting anywhere at any cost," the company said.

"We may choose to take a lesser interest when conditions become extremely difficult, such as in developing countries where local producers have advantages... It is a matter of trying to retain the right balance," the company added.

The company's steel tubes division, which has also suffered in the UK as a result of the steel strike, has sent its level of exports fall by a quarter in the first few months of this year with markets continuing to deteriorate.

The Midlands ceramic industry, centred in Stoke on Trent, has experienced severe problems for some time, mainly as a result of its great dependence upon the North American market and the dollar-sterling ratio.

Mr. John Bellak, managing director of Royal Doulton Table Ware, believes that the company's heavy investment in its U.S. marketing operation is now paying off, helped by the fact that its high quality products are less price sensitive than others.

The earthenware sector of the industry, which accounted for nearly £75m of total exports worth £182m last year, has suffered more severely in the U.S. and Josiah Wedgwood is now successfully operating in new markets such as Japan in an effort to increase volume and profitability.

W. Germans boost Mideast trade

BY KEVIN DONE IN FRANKFURT

EXPORT opportunities to the Near and Middle East are being greatly underestimated, and West German trade with the area could increase by some 25 per cent this year, according to the West German Near and Middle East Association.

Herr Hans-Otto Thierbach, chairman of the association, said that West German foreign trade with the oil countries had been affected by their more cautious import policies. Nevertheless,

West Germany's exports to those countries—excluding Iran—did manage an 8 per cent increase in 1979. This year West German exports to the region are expected to increase by some 25 per cent and there could be a further 30 per cent rise in 1981.

Last year West German exports to the Near and Middle East—excluding Iran—totalled some DM 13.7bn (£3.5bn). The ability of this area to absorb

imports of major high-value capital plant and of industrial goods had many times been underestimated.

The six OPEC countries of the Near and Middle East would receive incremental revenues of some \$75bn this year, and would not ignore opportunities to expand their economies, said Herr Thierbach, a member of the executive board of the Deutsche Bank, West Germany's largest bank.

Jakarta investment call

BY STEPHANIE GRAY

INDONESIA, in an attempt to encourage more foreign investment, has set up a "one stop service centre" aimed at speeding investment approval procedures which, until recently, often took as long as two years.

Mr. Ismail Saleh, acting chairman of the Indonesia Investment Co-ordinating Board, told a London seminar on Indonesia-UK business that, although there was still room for improvement, his agency could now evaluate and approve initial investment applications within two or three months.

Mr. Saleh was one of a 100-strong trade mission to visit Paris and London last week to drum up interest in Indonesia's move towards a stronger performance in its non-oil output and exports.

Dr. J. B. Sjahrudin, Minister for Administrative Reform, said traditional non-oil exports had

China seeks Swiss help

BY BRIJ KHANDARIA IN GENEVA

CHINA HAS asked Switzerland for help to develop its chemical products, machine and precision tools and watchmaking industries.

The appeal was made by a Chinese trade delegation led by Mr. An Dong, a Foreign Trade Ministry official, at the fourth session of talks here of a Chinese-Swiss joint economic commission. After the talks end on June 11 the Chinese will visit various Swiss companies.

Although Swiss trade with China is small, Switzerland is keenly interested in winning contracts to build factories in China or to modernise old ones.

The Swiss are not as wide-eyed about investment opportunities in China as the Americans or the French, but are keen to promote exports of manufactured goods.

The annual value of Swiss imports from China stood at

Sfr 90m (£23m) between 1976 and 1979. Chinese imports from Switzerland rose from Sfr 180m in 1976 to Sfr 197m in 1979.

Swiss imports from China were worth Sfr 39m during this year's first four months, a 44 per cent increase compared with the same period last year. Chinese imports from Switzerland were Sfr 65m this year, an increase of 16 per cent over the first four months of last year.

Exports by the Swiss paper industry rose by 33 per cent last year to a new record volume of 235,000 tonnes of paper and cardboard, John Wicks writes from Zurich.

This announcement appears as a matter of record only.

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**Jakarta investment call**  
BY STEPHANIE GRAY

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Dr. J. B. Sjahrudin, Minister for Administrative Reform, said traditional non-oil exports had

risen by 61 per cent in the year following devaluation and manufactured goods were 20 per cent more competitive. Foreign currency reserves had doubled, he added.

Dr. Sjahrudin said Indonesia's credit rating with the international financial community was higher now than before the boom years preceding the 1975 collapse of Pertamina, the national oil company.

Development since the start of the 1979-84 five-year plan had raised expectations of a rise in real growth rate from 6.5 per cent to 7.5 per cent a year. Per capita income was expected to rise 24 per cent at the same time.

Britain's exports to Indonesia last year were £76.7m against \$83.6m the year before. Indonesia's exports to the UK were \$55.9m compared with \$33.3m in 1978.

**China seeks Swiss help**  
BY BRIJ KHANDARIA IN GENEVA

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# Council overspending curbs face snags

BY ROBIN PAULEY

THE GOVERNMENT'S controversial plans to penalise local councils for overspending run into serious trouble today with publication of statistics showing defects in the way overspending is measured.

The Chartered Institute of Public Finance and Accountancy analysis of financial, general and rating statistics for 1980-81 is based on returns from every local authority in England and Wales.

Mr. Michael Heseltine, the Environment Secretary, has repeatedly said a maximum 20 councils could be penalised this year for overspending.

But the Environment Department's only calculation of overspending is based on adjusting each authority's rate to compare with the Government's national uniform rate of 110p in the pound.

This is the amount each authority would need to levy after allowing for Government grants to cover exactly its spending needs as assessed by civil servants.

Complicated formulae are used to calculate each authority's uniform rate and to eliminate factors creating imbalances between authorities, particularly when London is compared with the rest of the country.

This year's institute statistics include a list of uniform rates. "But we must advise against the use of the uniform rate as a comparative measure of overspending because of defects in its definition," Mr. Noel Hepworth, its director, said.

Non-metropolitan districts which do not receive the "resources" element of rate support grant are particularly affected. The resources element is money paid to authorities which cannot raise enough money through the rates system to reach a defined level.

Mr. Hepworth said Slough and Spelthorne, Surrey, did not receive this part of the Government grant. This, combined with other factors, had pushed both into the top 20 of apparent overspenders, all of which are more than 30 per cent above the Government yardstick.

The Environment Department, operating its formula in a slightly different way, says neither authority is within the first 40 or so.

The institute statistics have always been regarded as a standard source, and confirm a list of overspenders published in the Financial Times last month.

As the two lists, from the same basic formula, are now at

odds with each other, a row is likely which ever is used to decide whom to penalise.

There is a growing feeling in, and outside, the Environment Department, that the best course might be to abandon penalties this year and rely on the more sophisticated procedure for withdrawing grant from overspenders under the new block grant scheme from next year.

The figures show that despite financial pressures some authorities substantially increased their balances in the 1980-81 rate calculation. Islington is increasing its balances by £3.35m, or £20 a head of population, the largest per capita increase in the country.

Preston, Lancs., reduced its balances by £33 per head to keep its rate down. But the Tories lost control to Labour in the May council elections.

The most expensive average domestic rate bill in England and Wales is in the London Borough of Camden at £404.17. The cheapest is Rhondda, at £72.63.

London is the most expensive region at £362.12, followed by the rest of the South-East at £230.28. The average rate bill in inner London has increased by £75 and the national average increase was £41.

# Boots will convert its main production plant to coal firing

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BOOTS, the pharmaceutical and retail chemists group, has decided to switch from gas oil boiler firing to coal at its Beeston headquarters near Nottingham, which might ultimately use 350,000 tonnes of coal a year.

The move is regarded by the National Coal Board as important not only for the quantity of coal involved but because Boots is one of the largest British companies yet to return to coal for its process steam and electrical requirements.

The Beeston plant is the company's main manufacturing site, making pharmaceuticals and chemicals. It converted from coal to oil and gas firing in 1968. Gas provides its main energy, and oil is a standby.

Conversion back to coal is for economy and security of supply. The change will be gradual. The first stage will be to build a new boiler capable of burning 50,000 tonnes of coal a year.

Ultimately the plant might use about 100 tonnes of local coal daily.

Although Boots has yet to name a boiler manufacturer, it wants the new plant to be capable of conversion to new

fluidised bed technology, which would enable the company to economise by burning its own waste products.

The NCB hopes that the move will set an example other companies will follow. It expects industry to swing back strongly to coal firing over the next 10 to 15 years as oil prices rise. But it argues that unless companies start converting soon, congestion might develop in boiler supply.

At the same time, the NCB needs more industrial customers to take its rising output. With a slump in demand for coking coal and only slow growth likely in the electricity supply industry, the NCB is looking anxiously at industry as a key growth market to tide it over the next few years.

It sells 11m tonnes of industrial coal a year, representing only 13 per cent of the total industrial fuel market. It wants to push its share up to 30 per cent or more over the next 10 to 15 years.

However, it fears that the present recession is making many industrialists put off replacement of boilers as long as possible.

# Lorries 'paying £500m too much tax'

BY LISA WOOD

LORRIES IN THE UK are paying £500m more than their fair share of road costs in 1980-81, the Freight Transport Association claimed today.

This overpayment is a tax on industry's efficiency and competitiveness, says the Association, which represents the transport interests of 16,000 members from trade and industry.

While agreeing that all classes of vehicles should pay proper road costs, the Association challenges the Department of Transport's calculations on two counts: first, that the total expenditure figure on roads, an estimate, has been regularly overstated and second, that its allocation is both arbitrary and biased against the goods vehicle.

The FTA says it bases its method of allocating costs on actual expenditure while the Department's method is "based on a mixture of historical expenditure, predicted expenditure and inflation rates." These figures are used to produce a three-year average expenditure.

The FTA says that, using the Department's method of estimating expenditure, the total attributable for roads in 1980-81 is £2.5bn. However, it says the actual budgeted figure for 1980-81 is only £2.54bn.

# Midland Bank International leads £35m loan

By Michael Donne, Aerospace Correspondent

MIDLAND BANK International is leading several international banks in providing loans totalling \$81m (£35.2m) to Indian Airlines, the domestic carrier. The loans are for purchase of six Boeing 737 short-range jets and two Airbus A-300 airliners.

The loan for the Boeing jets is being lead-managed by Midland Bank International and the State Bank of India, with support from others including Chase Manhattan, Credit Lyonnais, National Commercial Bank, Toronto Dominion Bank and UBAF Bank.

# Brokers divided over MLR cut

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CITY ANALYSTS are split on desirability of an early cut in Minimum Lending Rate, though most expect a small reduction by the end of summer at the latest.

Capel-Cure Myers, brokers, said that "if it is accepted that sterling M3 is only an imperfect approximation of money in economic theory, and that other imperfect indicators (such as bank lending) should be watched, then the case for an early fall in MLR weakens substantially."

The firm attaches a "low probability" to a fall in MLR by the end of June but a "very high probability" by end of September.

Similarly, Rowe and Pitman, brokers, said that "concern about bank lending, together with uncertainties regarding the effect on money supply of the ending of the corset, may inhibit an early reduction in MLR."

"However, we feel that recent developments in the domestic real economy will have served to improve the prospects of a significant decline in interest rates during the second half of this year."

## Decline

In contrast, Buckmaster and Moore, brokers, criticise the Government for an excessively tight monetary policy. The firm said that "watching an individual component of monetary growth, bank lending, and not easing monetary policy until that has turned, is totally unnecessary to control inflation—but will produce a severe recession."

Consequently, the authorities should allow money growth to rise, back into its target range; if necessary, they should buy in gilt-edged stock and let interest rates go wherever the market takes them.

The immediate focus of attention on this issue will be the mid-May banking figures, due

to be published tomorrow afternoon.

Brokers' estimates vary but there is general agreement that the implied rise in sterling M3 last month may have been nearer 1 per cent (and possibly higher) than the 0.3 per cent rise in April—with lower bank lending but a more expansionary public sector than previously.

Some easing of current tight financial problems of industry in the second half of this year is suggested in the other week-end City analysis.

For example, the first in a series of regular financial reviews from brokers Simon and Coates suggests that the financial deficit of the corporate sector is likely to improve over the next 12 months, falling from just over £4bn in the first half of this year to £2.3bn in the second half.

## 'Recession'

This is based on a flow-of-funds analysis. It suggests that there will be an offsetting improvement in the balance of payments on current account, and an absolute decline in the financial surplus of the personal sector.

Simon and Coates warns that "it appears doubtful whether the factors identified as contributing to this improvement will persist over the medium term, particularly as the Government's financial strategy seems to imply that much of the burden of adjustment arising out of a progressive reduction in the deficit of the public sector is expected to fall on companies."

However, a similar short-term view is taken by James Capel, brokers, which expects large de-stocking, following the 1975 experience, during the second half of 1980. This in turn could lead to a slump in recently strong corporate demand for bank loans during this period.

# Good demand for silver

BY ANTHONY THORNCROFT

DEMAND FOR silver has been poor in recent months in the UK, following the fluctuations in its value in the winter, but on Friday in New York Sotheby Parke Bernet did very well with an important auction which totalled \$679,754. Less than 1 per cent was bought in.

Top price was \$76,923 for two George I silverers made by

Edward Vincent. The \$74,786 which secured a large rectangular George II tray by Paul de Lamerie, London, 1741, was an auction record for this celebrated silversmith. After the sale the Lafayette Vase in silver gilt by Jacques Henri Fauconnier, commissioned by the Garde Nationale in 1830-35 as a gift to the Marquis de Lafayette sold for \$59,829.

# Future of drug research 'endangered by red tape'

BY ELAINE WILLIAMS

TIME-WASTING pharmaceutical regulations are endangering the future of drug research in the UK, says Mr. Alex Smith, chairman of Upjohn, the U.S. pharmaceutical company.

Mr. Smith, who will address the Interphex conference in Brighton, says that as much as 97 per cent of drug research is wasted because of delays before clinical testing can begin. The time and work necessary before testing is, on average, four times that needed in Germany, Holland, Sweden and the U.S.

Such delays are "driving clinical work on potential new medicines out of the country," he claims, bringing higher risks to innovative industry.

On average only one new

medicine reaches the market for every 10,000 compounds invented, and each new product can cost £50m in research and development. It can take up to 15 years between the discovery of a new medicine and its use.

However, the pharmaceutical industry is one of the most profitable contributors to the UK economy. In the first three months of the year Britain's pharmaceutical exports rose 25 per cent over the previous year, to £184m.

The British Pharmaceutical Industry Association said last month that if the British industry managed to sustain its export performance its total trade surplus would be about £228m for 1980.

# Home-made aid award urged

BY BRIAN GROOM

MR. JACK STRAW, Labour MP for Blackburn, has suggested creating a Queen's award for retailers who make an outstanding contribution to support of British manufacturers.

He will raise the proposal when Mrs. Margaret Thatcher meets the all-party textile group MPs today on the crisis in the North-West textiles industry.

# Spillers signs rail deal for transport of pet food

BY BRIAN GROOM

SPILLERS FOODS, which will be part of the new Dalgety Spillers foods division on July 1, has switched almost a quarter of its pet food distribution from road to rail.

The company is sending 1,800 tonnes of canned pet food a week from a rail depot in Paisley—five miles from its Glasgow factory—to a distribu-

tion depot at Wisbech, near its other pet food factory.

The arrangement, worth £4m a year to British Rail in a five-year contract, has been brought about by a four-year reorganisation of Spillers Foods' distribution which has reduced its depots from 24 serving 18 manufacturing sites to 13 serving 10.

Ten years ago Spillers Foods, like many other companies, sent many goods by rail but it has since joined the general trend towards lorries. The present reversal occurred because the creation of a centralised canned pet food stockholding depot at Wisbech made rail economic for bulk transport from the Glasgow factory.

Spillers reckons this is 9-10 per cent cheaper than lorries, allowing for the cost of handling the goods at each end.

The company—which also makes biscuits and meal, domestic canned foods and pre-packed flour—still relies heavily on road haulage.

# British Airways to fit ground speed sensor

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH AIRWAYS is to buy a radar "window" which fits into the underside of its new Boeing 737 aircraft and allows the pilot to read the speed at which he is travelling over the ground.

The window, which costs £10,000, has been developed by Marconi Avionics, a subsidiary of GEC-Marconi Electronics, mainly as an aid to safer landing in stormy weather.

It uses advanced micro-electronics to measure ground speed by the Doppler effect—the effect which causes the pitch of a train whistle to change as it nears and then moves away from the listener.

Marconi's doppler velocity sensor, as the window is called, has been developed in response to a hazard in airliner operations which became apparent only in the late 1970s.

As the pilot approaches the runway it will measure his ground speed—about 150 knots—with an accuracy of 0.5 per cent, the company claims. It has orders worth nearly £1m for about 75 of these sensors, from British Airways and Lufthansa, and is to deliver the first to Boeing in August.

Boeing will build the sensor—smaller than a briefcase and weighing only 5 kg—into the aircraft as an integral part of the airframe. Mechanically, it has been designed to the same specification for load-bearing as the skin of the airframe.

A metal pattern printed on a flat plate forms the aerial, emitting four radar beams and receiving their echoes from the ground. On the back of the

plate are the solid-state radar sources and the micro-electronic circuits that process the echoes.

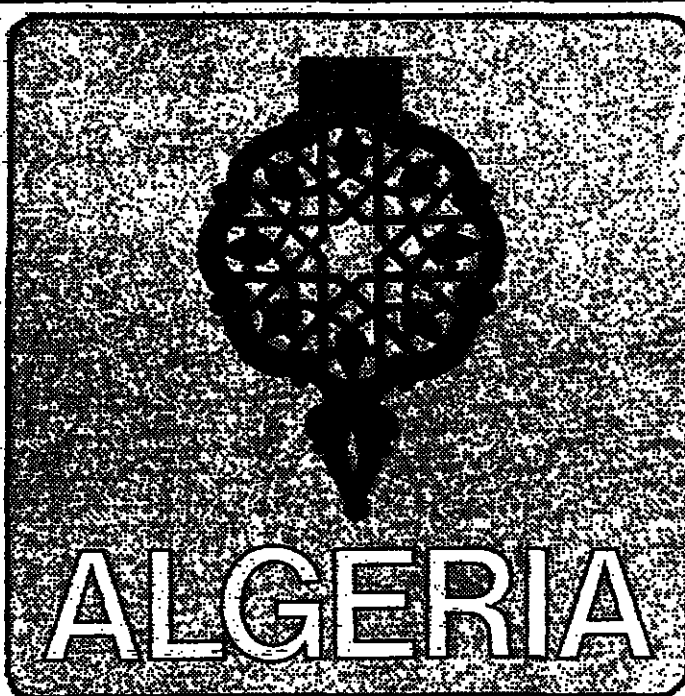
In this way the pilot reads not only groundspeed but also any drift of his aircraft off course.

The problem which led Marconi Avionics to develop a doppler velocity sensor was highlighted in 1975, when a Boeing 727 of Eastern Airlines crashed short of the runway at Kennedy Airport, New York. The pilot, when making his approach, had encountered a meteorological phenomenon known as wind shear, commonly associated with thunderstorms.

In trying to combat the effect of a "downburst" of wind, the pilot allowed his groundspeed to fall to a point where in effect his aircraft stalled and dropped out of the sky.

The logic behind the doppler velocity sensor argues that the pilot should at all costs maintain his groundspeed, notwithstanding the unexpected effects of wind shear, since these are highly localised and will probably disappear before he reaches the ground. If they do not, he has the alternative of making another attempt to land.

Doppler is only one of several possible methods of measuring groundspeed, should the Federal Aviation Administration conclude that changes are needed in aircraft approach procedure. But Marconi engineers believe their sensor offers accuracy and convenience. They are also investigating a version for helicopters they believe may interest the Ministry of Defence.



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# Private gas plan attacked

BY MARTIN DICKSON

A PLAN by industrialists to break the British Gas Corporation's "monopoly" position has been condemned by the General and Municipal Workers' Union, principal gas workers' union.

The plan comes from the Chemical Industries Association, which submitted a memorandum to the Government earlier this year suggesting an independently controlled gas distribution network for industry based on supplies from wells, not yet developed, in the North Sea.

In a rival memorandum to the Government the GMWU has expressed its "total opposition" to the plan. "Public ownership and control are essential in an industry where issues of energy pricing and the depletion of a vital national resource are involved," it said.

The GMWU says no case for fundamental changes in present British Gas and Government policies towards supply of gas for energy use in industry.

It regarded as inconclusive the Chemical Industries Association's claim that industrialists on the Continent paid significantly less for gas. The union said that consideration should be given to establishing a temporary fuel cost subsidy scheme to assist individual enterprises.

The association said last night that it would submit a new memorandum to the Government later this month reinforcing its previous comments, particularly that the amount of gas available to industry was inadequate, and its price unfavourable compared with the Continent.

## Polls urged for top posts

MR. WYN BEVAN, the Left-wing leader of the Port Talbot steelworkers who is standing for election to a key full-time post on the executive of the Electrical and Plumbing Trades Union, called yesterday for elections to all full-time positions on his union's executive.

The post for which Mr. Bevan is standing, that of divisional officer for the West of England and South Wales, has been vacant for two years. A year ago the union's executive refused to ratify Mr. Bevan's election.

Arthur Sandles on Rank's departure

# British films face fight for survival

THE FACT that the legendary Rank gong may have been sounded for the last time at the start of a feature film has underscored the harsh truth of the cinema business once again.

At the end of the day it is the matter of people prepared to see pictures that really counts. Not enough people were willing to pay to see the latest batch of Rank films.

The British film business faces peculiar problems. The domestic market of 1,600 cinemas visited by 100m patrons a year, each paying a little over £1 on average, is simply not big enough to sustain a healthy industry on its own.

To a considerable extent this is because the UK and the US use the same language.

Film industries of France, Italy and Japan are to a large extent insulated from full-scale American cinematic colonialism by their languages. The British film maker has no such buffer, and must himself attempt to swim in the American market if he is to succeed on the grand scale.

The golden years of Rank were in the days when the domestic market was sufficient for foreign sales to be counted as a pleasant extra but not an essential. These were the years of Henry V, Brief Encounter and Genevieve.

As cinema attendances fell with the arrival of television so sights had to be lowered. The low-budget comedies of the late 1950s and 1960s, often made for little more than £50,000, still sustained film making activity which was British in all senses.

Film production today is an

extraordinarily expensive business, and very much a gamble. Rank's cancelled provisional programme of eight pictures would have cost it £12m in the unlikely event of all having been followed through. The average of a little over £1m a picture would have made them respectably budgeted but a little on the modest side.

Monty Python's Life of Brian, which is probably about as British as you can get these days, cost more than £3m to make. The money was largely provided by former Beatle George Harrison, who can now laugh all the way to the bank on the proceeds of an investment that no establishment production company would make.

At the top end of the scale investments can be alarmingly high. Lord (Lew) Grade's Associated Communications has a reported £14m budget for its Raise the Titanic, which is about £6m more than United Artists is hoping the next James Bond picture will cost.

Grade, and under the guidance of his brother Lord Delfont, Thorn-EMI, have found a solution to the problems of British film making in production pictures with a transatlantic flavour.

Both are convinced that a major film programme can be sustained only if a hole can be punched in the American market. Rank's film programme did not have a strong American flavour.

To the basic costs of film production must be added the increasingly expensive burden

of marketing, making copies, distribution and exhibition. A basic film may cost £2-3m by the time it is packaged and promoted world wide. That same film might have to take £4-6m at the box office before the investors start seeing a return.

At the end of the day, however, these returns can be temptingly huge. Like all the best gambles, when a bet comes off the investors can find themselves swimming in money.

Even in Britain the once-firm rule that films could only be shown on television five years after their first release in the cinema is crumbling. Even the Grades' and Delfonts of this world cannot afford to have a £5m picture gathering dust and interest payments for five years.

All is not total gloom in the British film world. The production facility business—that is the film studios, laboratories and technical facilities—is still healthy. United Artists alone may spend £12m on filming in Britain this year.

As for British-funded, British-made films are concerned the National Film Finance Corporation, now headed by Mr. Mamoun Hassan, is promising an adventurous approach to film finance. British television companies are showing an interest in making feature films.

At the end of the day, however, all will depend on the number of people who are prepared to pay to see the pictures.

# Jenkins predicts 2.5m jobless

By John Lloyd, Labour Correspondent

THE COUNTRY'S largest white-collar union, the 470,000-strong Association of Scientific, Technical and Managerial Staffs, yesterday reaffirmed its support for the three proposed constitutional reforms in the Labour Party.

It also changed its rules on its political levy following the loss of a court case, and expressed complete opposition to Government economic policies.

Mr. Clive Jenkins, general secretary, told the union's annual delegate conference at Brighton the unemployment figures, taking account of those who did not declare themselves unemployed, were nearly 2m and would rise to 2.5m next year.

"The consensus has been abandoned. This Government wants things to get worse."

The three changes to the Labour Party's constitution cover mandatory re-election of MPs, the drafting of the manifesto by the National Executive Committee, and the election of leader by a broader forum than the Parliamentary Labour Party.

The change in union rules was prompted by the loss of a case brought by a member aimed at liberalising the use of the union's political fund for support of other parties than the Labour Party.

The change in effect means that all the union's political funds must now go to the Labour Party. About 140,000 members pay the political levy.

## More union chiefs back Callaghan

By Our Labour Correspondent

SUPPORT of a growing number of trade union leaders for Mr. James Callaghan's continuing as Leader of the Labour Party is based partly on the belief that he is not as determined to agree an incomes policy with the unions before the next General Election as recent reports have indicated.

At the same time it has become clear that several big trade unions back the proposal for an electoral college to determine choice of party leader and contents of the manifesto. There is some support for State aid for political parties and for increased Labour Party membership dues.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, and the first union leader to declare support for Mr. Callaghan last week, said at the weekend: "Mr. Callaghan has made no proposals to return to old-style incomes policies which have always ended in the damning-up of pay claims and a ratcheting-up of inflation."

"In view of his experience I do not think he would. The truth is he has not."

Mr. Jenkins's view is shared by other union leaders, some of whom would prefer to see Mr. Callaghan stay on in preference to Mr. Denis Healey.

Mr. Jenkins said that in talks between the TUC and the Labour Party Mr. Callaghan had not broached the subject of an incomes policy, though both Mr. Healey and Dr. David Owen had.

The final full-scale meeting of the committee of inquiry into the Labour Party constitution is next weekend at the ASTMS education centre at Bishop's Cleeve, Shropshire.

Drafts will propose an electoral college of delegates in equal proportion from constituency parties, Parliamentary Labour Party and unions, with duties of choosing the party leader and possibly writing the party manifesto.

# Murray expected to see CEEB over Isle of Grain

BY NICK GARNETT, LABOUR STAFF

MR. LEN MURRAY, the TUC secretary, and Mr. David Basnett, general secretary of the General and Municipal Workers' Union, are expected to meet officials of the Central Electricity Generating Board early this week as part of the TUC attempt to solve the Isle of Grain power stations dispute.

Proposals are expected to be put to the CEEB following some progress in 11 hours of inter-union talks at the TUC on Friday.

These talks produced no comprehensive formula for settling the dispute, which arose from refusal of 27 laggards, members of the General and Municipal, to accept a ceiling on bonus payments.

Senior union officials who acted on Friday as conciliators now believe the CEEB position on certain issues has to be ascertained for conciliation to proceed.

There is some indication that unless the CEEB can agree to the stance Mr. Murray and Mr.

Basnett wish to see adopted, the TUC will find itself virtually back at Square One in resolving the dispute. The GMWU threatens to withdraw all its laggards working on CEEB sites. Those unions, particularly the construction section of the Amalgamated Union of Engineering Workers, which have supplied laggards or insulation engineers in place of the GMWU, firmly stood by their position on Friday that laggards' pay must be brought into line with that of other groups.

# IPC journalists revise pay claim

BY OUR LABOUR STAFF

A MASS MEETING of 1,400 journalists in the International Publishing Corporation's magazine, business press and book publishing division will vote on Wednesday on a revised wages and conditions claim, to be presented to the IPC management later this week.

The journalists, who were dismissed for six weeks following a one-day strike in support of a 32 per cent wage claim, were reinstated last week. Talks at the Advisory Conciliation and Arbitration Service, on Friday centred on the payment of expenses and other allowances during the six-week period.

The National Union of Journalists' group chapel (office branch) is now considering revamping its complex claim involving working hours, agreement on new technology, and time off for re-training.

## BUSINESSMAN'S DIARY OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Fine Art and Antiques Fair (01-395 1200) (until June 14)	Olympia
Current	Sunday Times Business to Business Exhibition (01-407 4046) (until June 11)	Earls Court
June 10-12	June Carpet Fair (01-236 0911)	Kennington, W8
June 10-13	Institute of Housing Annual Conference and Exhibition (01-243 3267)	Exhibition Centre, Harrogate
June 11-14	Photo-Sound 80 (0232 32830)	Kings Hall, Belfast
June 16-20	International Solid Waste Congress and Exhibition (01-580 5324)	Wembley Conference Centre
June 24	Intel Microcomputer Fair (0793 26101)	Wembley Conference Centre
June 25-26	CATCH 80—Aberdeen International Fisheries, Processing and Marine Equipment Exhibition (01-353 4885)	Aberdeen
July 1-3	Energy Show (01-837 3636)	Camard International Hotel, W
July 1-3	Temperature Measurement and Control Exhibition and Conference (0822 4671)	Wembley Conference Centre
July 6-10	Autumn 80 Lightshow (02458 396)	NEC, Birmingham
July 8-10	Great Yorkshire Agricultural Show (0423 61536)	Harrogate
July 9-10	Royal Tournament (01-580 6009)	Earls Court
July 11-20	Taste of Asia Exhibition (01-272 4287)	Olympia
July 15-16	Exhibition and Conference on Micro Technology—MICROFAX (061-236 4612)	Manchester

## UK TRADE FAIRS AND EXHIBITIONS

June 9-14	1980 Micro-Computer Show (65 28211)	Wembley Conference Centre
June 10-14	BIAM—International Machine Tool Exhibition Educational Equipment Exhibition—VISODATA (01456 1051)	Munich
June 17-19	Advanced Communications Exhibition—EURO COMM 80 (01540 1101)	Copenhagen
June 19-22	Solar Energy Exhibition	Gemsa
June 23-26	World Frozen Food Exhibition (01-629 8817)	Monte Carlo
June 24-27	ASEE Educational Resources Exhibition (01-437 0878)	Massachusetts
June 28-July 4	International Solar Forum (02013 4450)	Hamburg
June 28-July 6	International Welding Exhibition (01-278 0281)	Brno
July 1-4	Motor Show, Components and Accessories Exhibition	Braga
July 14	Latin American Oil Show (01-222 0466)	Rio de Janeiro
July 14	Audio Visual Exhibition AUVI (021-705 6707)	Singapore
July 7-11	International Training and Educational Symposium and Exhibition—INSTRUCTA (01-456 1951)	Johannesburg

## BUSINESS AND MANAGEMENT CONFERENCES

Current	Brunei University: Experimental methods for management training and development (0895 56461) (until June 13)	Uxbridge
June 9-10	AMC: Communication and Confidence Development for Managers (07535 56047)	Gloucester Hotel, SW7
June 10-11	INFOTECH: Which Word Processor? (0628 39101)	Tara Hotel, Kennington
June 11	Institute of Management Services: Staff Appraisal and Development (01-363 7852)	Mount Royal Hotel, W1
June 11-13	AMR International: The Management of Projects (01-262 2732)	Browns Hotel, W1
June 13-14	PCL: Technology and Adjustment to Change at Firm Level—German, Swedish and UK experience (01-496 5511)	Marylebone Road, NW1
June 17	Euro: Information, trading and confirmation system for Eurobonds (01-628 8787)	Great Eastern Hotel, EC2
June 17-18	ASM: Current Cost Budgetary Control (01-385 1892)	Europa Hotel, W1
June 17-18	Inst. Mech. E: Progress Towards Safer Passenger Cars in the UK (01-222 7599)	Westminster, W1
June 18-19	FT Conference: The European Offshore in the 1980s (01-621 1355)	Westminster, W1
June 24	Oyez: Pensions in the private sector (01-242 2481)	Grosvenor House, W1
June 25-27	Monotype International: Typographical Quality and Modern Technology are Compatible (01 65959)	Queens College, Cambridge
June 26-27	AMR: Banking and Finance in the Middle East (01-362 2732)	London Press Centre, EC4
July 1	Spicer and Pegler: The office of the SAs (01-283 2688)	Great Eastern Hotel, EC2
July 3	CCC: Use of Offshore Financial Centres—Cyprus (01222 6362)	Royal Lancaster Hotel, W2
July 4	ESC: The Companies Act 1980 (01-262 1234)	Cumberland Hotel, W1
July 6-11	University of Bradford Management Centre: Sales Management (Bradford 42290)	Heaton Mount, Bradford
July 7-11	Institute of Personnel Management: The Work of The Personnel Department (01-387 2644)	Embassy Hotel, W2
July 8	BIM: Micro—The real costs and how to fund them (01-405 3456)	Mount Royal Hotel, W1
July 9	Institute of Chartered Secretaries: The Companies Act 1980 in Practice (01-235 9908)	London Press Centre
July 9-10	The Plastics and Rubber Institute: Plastics on the Road (01-246 9555)	Kenilworth
July 11	ESC: Norwegian Taxation: A specialist conference for the oil and gas industry (087 282 2711)	Carlton Tower Hotel, SW7
July 14-18	ASM: Inventory Control and the Microcomputer (01-385 1892)	Pembroke College, Oxford
July 14-25	FT Course: Financial Management for the non-financial executive (01-421 1385)	The City University
July 15	Oyez: Estate Agents' Remuneration—Sell a Property and get no commission? (01-242 2431)	Duchess Mews, W1
July 16	LCCI: Iraq (01-248 4444)	Cannon Street, EC4

## Financial Times Conferences

THE NEW SRI LANKA — OPPORTUNITIES FOR BUSINESS

Colombo — September 4 and 5, 1980

The Government of Sri Lanka has since 1977 aimed to revitalise and strengthen the economy of the country. It has achieved a large measure of success. This conference will examine the extent to which the policies may affect future business enterprise and may stimulate national and international investment.

SPAIN AND THE COMMON MARKET — POLICY AND ALTERNATIVES

Madrid — October 3 and 9, 1980

The application by Spain for entry to the Common Market has been the subject of lengthy and delicate negotiations. The difficulties facing the Government in tackling this issue are heightened by the parallel tasks of introducing fundamental changes in the structure of the country's administration and the policy for economic development. The conference will examine the government's policies and the way in which industry, agriculture and the environment will be affected by them. It will provide a unique opportunity for discussion of these issues by the delegates with the distinguished panel of international speakers.

All enquiries should be addressed to:  
Financial Times Limited  
Conference Organisation  
Minster House, Arthur Street  
London EC4R 9AX

Tel: 01-621 1355  
Telex: 37347 FTCONF G  
Cables: FINCONF LONDON

## COMPANY NOTICES

### GADEK (MALAYSIA) BERHAD Notice of Meeting

NOTICE IS HEREBY GIVEN that the second Annual General Meeting of the company will be held at the registered office, Ladang Pinji, Lahat, Perak, Malaysia, on Saturday, 28th June, 1980, at 12.00 noon, for the following purposes—

1. To receive and consider the accounts for the year ended 31st December, 1979, and the directors' and auditors' reports thereon.
2. To sanction the payment of directors' fees.
3. To elect directors.
4. To appoint auditors and fix their remuneration.
5. To transact any other ordinary business.

By Order of the Board  
OH KIM SUN  
MAK HING KWAI  
Secretaries

Ladang Pinji  
Lahat, Perak  
Malaysia  
9th June 1980

1) A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to vote in his stead. A proxy need not be a member of the company but unless he is, then by the provisions of Section 149(1)(b) of the Companies Act 1965, he must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.

2) The instrument appointing a proxy must be deposited at the registered office of the company not less than 48 hours before the time set for the meeting.

### LAFARGE (CEMENTS LAFARGE) 7½% 1972/1987 FF 100,000,000

NOTICE IS HEREBY GIVEN to Bondholders of the above-mentioned Loan that the amount redeemable on July 1st, 1980 i.e. FF 5,000,000, was bought in the market.

Amount outstanding: FF 75,000,000.

Luxembourg, June 9, 1980.

THE TRUSTEE  
FINIMTRUST S.A.

### SELECTED RISK INVESTMENTS S.A.

#### PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to Shareholders that following a Resolution of the Annual General Meeting of Shareholders held in Luxembourg on 15th May 1980 a dividend for the year 1979 of US\$2.25 per share has been declared.

This dividend will be paid as at 20th June 1980 to the registered office of the company at 15, rue de la Liberté, Luxembourg.

Shareholders who wish to obtain their dividend should deposit their share certificates or certificates issued by the bank, the financial establishments or brokers with whom shares are deposited, in one of the following establishments:

Société de Paris et des Pays-Bas  
Crédit de Paris  
Crédit de Commerce  
Crédit de l'Industrie  
Crédit de la Marine  
Crédit de l'Union  
Crédit de l'Union Industrielle  
Crédit de l'Union Maritime  
Crédit de l'Union Minière  
Crédit de l'Union Pétrolière  
Crédit de l'Union Textile  
Crédit de l'Union Viti-vinicole

from whom claim forms may be obtained. United Kingdom Tax will be deducted at the rate of 10 per cent unless claims are accompanied by an affidavit.

SELECTED RISK INVESTMENTS S.A.  
9th June 1980.

### CITY OF EDINBURGH DISTRICT COUNCIL

#### VARIABLE RATE REDEMABLE STOCK 1983

For the six months from 9th June 1980 to 9th December 1980 the interest rate on the above stock will be 16.667% per annum BANK OF SCOTLAND 55, OLD BROAD STREET LONDON EC2P 2HL

### QUEBEC CENTRAL RAILWAY COMPANY

#### 4% FIRST MORTGAGE DEBENTURE STOCK

In accordance with the provisions of the half-yearly interest due August 1, 1980, on the above stock, the following stock will be redeemed on July 22, 1980 will be closed at 3.30 p.m. on July 4 and 5, 1980.

50, Lombard Street, Montreal, Quebec, Canada  
London EC2A 1DD  
June 9, 1980.

## LEGAL NOTICES

### THE COMPANIES ACTS 1948 TO 1967

#### R.P.R. ASSOCIATES (PRINTERS) LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 8th day of July 1980 to send their names and addresses to the Liquidator at the address below.

KEITH DAVID GOODMAN, FCA, of 3/4 Bankside Street, London W1A 3BA.

The Liquidator of the said Company, and is required by notice in writing from the said Liquidator, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of May 1980.  
K. D. GOODMAN, Liquidator.

### THE COMPANIES ACTS 1948 TO 1967

#### PAMELA JEWELLERS LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 8th day of July 1980 to send their names and addresses to the Liquidator at the address below.

PHILIP MONJACK, FCA, of 3/4 Bankside Street, London W1A 3BA.

The Liquidator of the said Company, and is required by notice in writing from the said Liquidator, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of May 1980.  
P. MONJACK, Liquidator.

### ALAN NEDAS SPORTSWEAR LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 298 of the Companies Act 1948 that a Meeting of the creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO., of 3/4 Bankside Street, London W1A 3BA.

on Tuesday the 10th day of June 1980 at 12 o'clock midday, for the purpose of electing a Liquidator of the Company.

Dated the 27th day of May 1980.  
A. NEDAS, Director.

### PRIMROSE ELECTRONICS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 298 of the Companies Act 1948 that a Meeting of the creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO., of 3/4 Bankside Street, London W1A 3BA.

on Friday the 7th day of June 1980 at 12 o'clock midday, for the purpose of electing a Liquidator of the Company.

Dated the 2nd day of June 1980.  
HARRY DAY, Director.

### MICHAELSON & AUSTIN LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 298 of the Companies Act 1948 that a Meeting of the creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO., of 3/4 Bankside Street, London W1A 3BA.

on Wednesday the 11th day of June 1980 at 12 o'clock midday, for the purpose of electing a Liquidator of the Company.

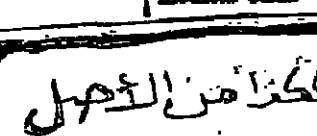
Dated the 2nd day of May 1980.  
KEVIN AUSTIN, Director.

## PERSONAL

WHAT did Margaret Lockwood as Queen Elizabeth do for the Prime Minister? She gave him a good time. She was his mistress. She was his lover. She was his wife. She was his mother. She was his daughter. She was his sister. She was his friend. She was his enemy. She was his everything.

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Apparently some drivers are taking our claims for the Beta Coupé just a little too seriously.

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We know we've claimed its roadholding is like driving on rails, but really there are limits. And taking a tight hairpin at 70 could well be one of them.

There's also no excuse for seeing if our 2 litre model actually can make it to 118mph. Especially when there's a patrol car waiting at the other end of Park Lane.

Of course it's tempting to drive a Beta Coupé fast. That's what we designed it for. But there are other things to appreciate when speed is just a secondary consideration.

Even in a traffic jam we think you'll enjoy casting an eye over an instrument panel that wouldn't look out of place in Concorde.

And we're sure you'll relish sitting back while other drivers cast envious glances at the styling of your Beta Coupé.

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It's called the Beta Spyder. And basically it's a Beta Coupé with the chance to take the lid off.

In fact, however slow you're forced to drive our cars, we think you'll find they have their advantages.

But if you do decide to push them to their limit, we recommend you take a few lessons before flying solo.

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Performance figures taken from Car Magazine, May 1980, and apply to the 2000 Coupé. The Lancia Beta Coupé and Spyder range costs from £5050.60 to £6788.54. All prices correct at time of going to press and include car tax, VAT at 15%, inertia reel seat belts and delivery charges on UK mainland, but exclude number plates.







Monday June 9 1980

# South Korea

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## Realism the key to revival

By Charles Smith  
Far East Editor

SOUTH KOREA, in the words of a foreign banker in Seoul, has been hit by both barrels of the shotgun. Higher oil prices in the U.S. coupled with the cumulative distortions of several years of excessively fast growth are causing severe economic problems. Meanwhile, the political structure created by the late President Park Chung-hee has collapsed.

The resulting confusion has made foreign observers wonder whether they were right to view South Korea as one of the most promising examples of economic development in Asia, if not in the world.

Was the remarkable export-led growth of the 1960s and 1970s just a flash in the pan, reflecting a temporary set of advantages that have now vanished? Or is it more reasonable to think of South Korea as a nation which has made genuine and impressive strides towards economic and political maturity but which has now found some awkward zigzags in its path?

The view taken in this survey is that South Korea does have a future as a developed and politically stable community, but that that future is not so nearly within its people's grasp as at one time seemed possible. The 37m people of South Korea are highly literate and articulate, if not yet equipped with all the skills needed to operate

a modern economy. They also seem to possess boundless energy and, in the next five years, the numbers of them who will be taking part in the adult labour force will be increasing at the phenomenally rapid annual rate of 3 per cent.

South Korea thus has the human resources needed for continued rapid growth although, like Japan, it lacks most of the material resources (including home-produced energy). What may be of still greater significance to the country's future is the fact that South Koreans seem impatient to move forward politically. The disturbances that led up to the assassination of President Park last October were a clear sign that an authoritarian system of government designed in the late-1960s no longer suited the more mature and articulate South Korea of a decade later.

The upheavals that have followed President Park's death suggest that democratic expectations are stronger than ever. More than 90 per cent of the population of the country probably believes that South Korea should be ruled today by a president elected through direct elections (in place of the indirect system enshrined in President Park's Yushin Constitution) and that the national assembly should be something more than the rubber stamping body it has been in the past.

### Little substance

Political parties in South Korea, however, still tend to lack substance and political debate, in so far as it is allowed at all, revolves around simple black and white issues such as whether the country is really heading towards democracy, or back towards Park-type authoritarianism.

The disparity between a strong popular urge towards democracy and an almost total lack of the necessary institutions (coupled with the fact that adherents of the Park system have stubbornly clung to positions of power) has caused bloodshed and given the outside world the impression that the

whole of S. Korea may be sliding into chaos. It is important to remember, however, that S. Korea's troubles have occurred because of the rising expectations of its people, both political and economic, and not because things have been getting worse.

If these expectations can be harnessed to realistic notions of the pace and speed of political reform, the results could begin to look more constructive. The need for realism applies as much to the generals who advocate restoration of the Park system in all its authoritarian "purity" as much as to the politicians and students who have campaigned for "instant democracy." It also applies in the economy where the fabulous growth record of the 1970s seems to have turned the heads of the Koreans themselves as well as those of outside observers.

The weak points of S. Korea's economic performance in the years from 1975 to 1979, or perhaps throughout the decade of the 1970s, were an over-reliance on exports as the engine of growth, a pre-occupation with quantity rather than quality and an inability to deal with the bottlenecks and distortions that were bound to result from a 12 per cent real GNP growth rate. More generally, Korea's economic managers, as well as its businessmen, can be criticised for simple and sheer over-confidence.

When problems arose in the textile and light industry sectors because of the declining competitive strength of S. Korea in world markets, it was assumed that the nation could "invest its way" out of the difficulties by massive development of heavy industry. The investments were made (by the leaders of big business groups who were usually personal friends of the President and who therefore had good reason to believe that their projects would not be allowed to fail).

But markets frequently failed to match production capacity (as in the case of the S. Korean motor industry where capacity utilisation is now well below

In spite of the current unrest most South Koreans want to hold on to the achievements of the last 20 years and keep the country from civil war. They have a future as a developed and politically stable nation, but it is no longer almost within their grasp.

40 per cent) and technology and infrastructure often proved harder to accumulate than the optimistic planners had expected.

The economic problems which confront S. Korea in the aftermath of its period of high economic growth include serious balance of payments weakness (generated by high oil prices but also due in part to weakening exports), high inflation (caused initially by production bottlenecks and subsequently by oil prices), and unemployment (caused by a deliberately created recession designed to get rid of inflation).

In the coming months the Government will face the unenviable choice of letting the recession deepen further and seeing unemployment rise above its already disturbingly high levels, or of refuting and allowing prices to start rising faster than ever.

### Credit rating

Any policy that may be chosen seems likely to involve continued heavy reliance on overseas borrowing (which raises the question of just how much S.-Korea's international credit rating has been damaged by the events of the past few months).

But persuading foreign bankers to lend money, or selecting the right mix of domestic credit policies, may not be the main test of success for S. Korean economic planners in the next few months. Much more important will be

### BASIC STATISTICS

Area	38,022 sq miles
Population	37.02m
GNP	29,563.7bn Won
Per capita	619,059.96 Won in 1978
Trade:	
Exports	7,286.6bn Won
Imports	9,344.1 bn Won
UK trade:	
Exports to UK	£269.7m
Imports from UK	£145.3m
Currency	₩=1,386.34 Won

the task of explaining to ordinary Koreans what is wrong with the economy and why a period of belt tightening may be needed before things can start improving.

The Park regime, partly because of its authoritarian character, seems to have found it hard to educate the nation in the realities of its economic situation. Wages rose rapidly, particularly in the regime's productivity and effectively forced S. Korea out of its main overseas markets. But disparities between the earnings of skilled and unskilled workers inevitably appeared with the result that fast rising expectations and rampant consumerism in some parts of the



power in the six months since the death of President Park have much of either quality, but the interim rulers of the country do have two other things going for them which make their task easier.

One is that many Koreans desperately want to preserve the achievements of the past two decades and thus do not want the country to degenerate into civil war. (A similar feeling probably did not exist, at least to anything like the same extent, in the years 1960-61 when the country last faced a major political crisis.) The other card in the Government's hand is the supposed threat from North Korea.

### Safety valve

South Koreans seem to be unanimous in not wanting to see the Korean peninsula united under Communist leadership and are likely to carry their internal disputes to a point where the North might be able to interfere effectively in the affairs of the South. This safety valve in the Korean political process does, however, have its limitations and its dangers. One danger is that the Government might be tempted to use the "Northern Menace" as a means of justifying its own harsh behaviour towards its opponents.

Signs that this was starting to happen were disturbingly evident during the week long insurrection in the southern city of Kwangju when the Korean military acted with a brutality which no conceivable security risk could have justified.

S. Korea's allies, including the United States, have looked on helplessly at the disturbances of recent weeks.

In the coming months, S. Korea will almost certainly provide its friends with more agonising moments but also, perhaps, with some tentative grounds for hope. The most hopeful sign of all would be some indication, preferably in the next couple of months, that the Government takes seriously its own timetable for moving towards democracy.

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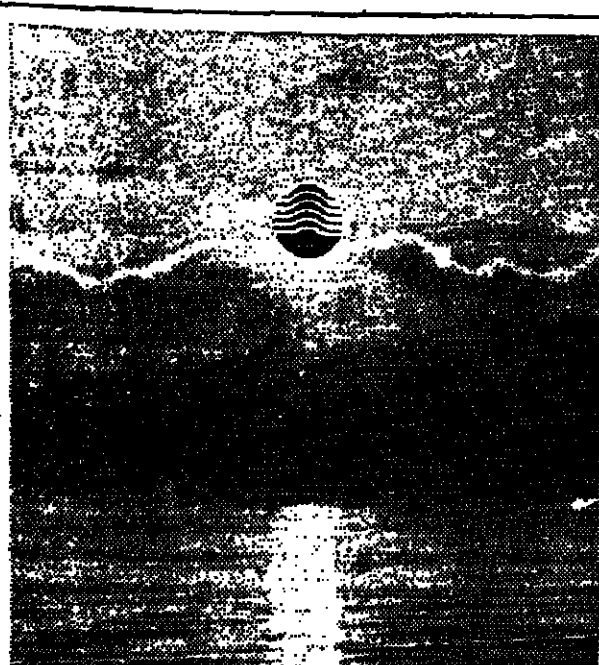
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# SOUTH KOREA II

## Overconfidence and bad luck led to a fall

### ECONOMY

PHILIP BOWRING

MIRACLE-WORKING is a hazardous business which requires an easy liaison of hard work, faith, good planning and good luck. Having lived successfully for a number of years, South Korea now finds that the pieces have fallen out of place.

The hard work is still there, and faith in the economic future so far has not succumbed to weakening of the political structure created by the late President Park which at one time was alleged, probably erroneously, to be the precondition for economic achievement.

But there have been some poor decisions, partly attributable to overconfidence brought about by success, and partly to the arrogance which built up within the ruling bureaucratic-business-military elite. These have been compounded by severe bad luck in the form of the 1979-80 oil crisis which is forcing oil-dependent countries such as Korea to fight hard to stand still for the second time in a decade.

The length and depth of the U.S. recession remains conjectural. So too does the flow-on of that recession to other advanced countries. Most conjecture of all remains the level of activity by other middle-level countries, such as South Korea itself, which as a group are of increasing importance in maintaining world trade momentum. Korea's peculiar problem is that it has entered this recessionary phase at a more unfortunate juncture than in 1974-75.

### Broad based

Meanwhile, popular expectations are much higher than they were five years ago, and the nation more urbanised. The one big plus however, compared with that downturn, is that the economy is now much more broadly based. Recently that has been more of a weakness than a strength.

But it will prove invaluable should the recession be long-lasting and force a major shift in the economy's direction.

Trade recession for S. Korea actually began last year, when countries such as Taiwan and

Hong Kong were continuing to show double digit real trade growth. By contrast, S. Korea's exports in real terms fell by 3.7 per cent, a remarkable collapse when viewed against the 25 per cent real export growth rate achieved during 1970-78.

The actual performance in 1979 may have been exaggerated by a change in export composition and use of a rather high deflator for exports of 18 per cent. But it was still very disappointing at a time when real growth of world trade was continuing.

Meanwhile, the economy overall grew 7 per cent in 1979, compared with 11.6 per cent in 1978 and an average of 10 per cent for 1970-78. However, a major reason for the poor export performance lies in the gap between it and overall GNP growth.

### Plunging

In almost all preceding years exports had grown significantly faster than GNP, reaching a peak of 37 per cent of GNP in 1977 before slipping to 36 per cent in 1978 and plunging to 32 per cent last year. The export/GNP performance gap was all the more remarkable given that imports, led by oil, rose 31 per cent in money terms and 10 per cent in real terms.

The root cause of the problem was wage rises of 35 per cent in 1978 and 1979. These were way ahead of increases in consumer prices, officially reckoned at 16 and 21 per cent.

Such rates of increase seriously reduced South Korea's competitiveness in international markets, particularly in those light industrial goods in which Korea had previously dominated cheap, volume production, making up with lower prices for the lower quality and generally less flexible production ability compared with Taiwan and Hong Kong. While South Korea lost ground in traditional exports its move into high value added, capital intensive heavy engineering and chemical exports was held up by a variety of factors.

The Government finally faced up to the problem with a 16 per cent devaluation of the Won in January. The subsequent linkage of the currency to a basket has enabled it to slip gradually downward at the rate of around 1 per cent a month.

The Government says that devaluation is bearing fruits already, with exports in the

first four months of 1980 up on a year ago, only slightly behind imports despite the further leaps in the oil price. That may be a premature assessment. The devaluation may have come too late to win back market share in the U.S. at least before the recession took hold, but better late than never. It should at least prevent further market share erosion.

The second impact of the steep wage rises was that real wages rose markedly, even allowing for some understatement of consumer price increases, in the official figures resulting in some diversion of resources from exports to the buoyant and profitable domestic market.

An investment boom added to demand pressures, with fixed capital investment rising by 10 per cent and gross investment reaching a record 36 per cent of GNP.

The January package of devaluation and a sharp rise in interest rates was designed to achieve a sharp resource shift. The GNP growth target was reduced to the 3-5 per cent range, to be led by exports with a 10 per cent gain. Consumption remained almost stagnant and fixed investment actually fell by 5 per cent.

In the process it was hoped to bring the inflation rate down to more acceptable levels by the end of the year. In the short term, devaluation would clearly add to imported inflation factors and a 23 per cent increase in consumer prices was forecast, compared with 21 per cent in 1979, falling back to 12-15 per cent in 1981 as domestic deflation got the upper hand. However, achievement of the targets has been looking increasingly unlikely.

Annualised consumer price increases in the first quarter of 1980 were 30 per cent, helped by a rash of 30-40 per cent price demands and the uncertain political climate caused Government and employers to adopt a conciliatory attitude to them. Though Government employees were held to a 15 per cent rise, many private industries have been paying 30 per cent.

The problem for the Government is that real wages must fall in the short term if there is to be a return to economic equilibrium. That is difficult to achieve in the current political climate.

However, the Government has been tough in some areas. Huge increases in petrol and utility prices, more than reflecting oil price rises, checked energy use and delivered a massive blow to the fast growing motor industry.

Despite turmoil on the labour front and poor prospects for an early cut in inflation because of wage push, some of the Government's medicine appears to have been working. GNP actually fell in the first quarter despite a rise in exports as consumer demand succumbed to inflation and capital spending to high interest rates and a natural tailing off of the invest-

ment boom.

South Korea's adjustment process might have worked its way through quite quickly under normal circumstances. But things are not normal. Back in February, the Government was forecasting a trade deficit of \$5.5bn and a current account shortfall of \$4.7bn compared with \$4.3bn and \$3.9bn respectively in 1979. Gross borrowings would be \$7bn, but only \$1.7bn would be needed in term loans from commercial banks.

So far, visible trade has been slightly above forecasts—though it could yet succumb to a U.S. recession. The problem has been with the services account. Earnings from Middle East construction projects have fallen out as competition has increased and oil nations have slowed the growth of their development projects. Tourism has been hurt by the political unrest. Interest payments on foreign debt—roughly half of the \$21bn total is estimated to be at floating rates—have soared.

At one time the Government forecast that the high Labor rate would add \$400m to a projected \$1.5bn in interest and dividend payments this year. Labor has since eased, but interest is still a heavier than expected burden, a timely

needed to finance its nuclear energy programme over the next five years has already been secured, and at fixed rates.

Past spending has not been so wise. The dramatic surge into heavy and chemical industries has saddled the nation with a heavy debt and returns from some of the industries will be slow to materialise. Over-capacity is colossal in shipbuilding, heavy electrical, steel fabrication and motor industries and in some chemical and engineering industries.

This is not merely a case of recession having overtaken the investment programme but of more structural errors. Gross investment reached a remarkable 36 per cent of GNP last year compared with a still very respectable average of 29 per cent over the previous five years.

But there is no doubt that much of it was forced by the Government urging major groups into massive ventures, luring them with promises of favours and of easy access to capital, both dollar and won at cheap rates.

The credit expansion needed to finance the spending boom was very inflationary and made nonsense of South Korea's oft-repeated objective to bring inflation down to single figures.

deliberately held back to release skilled workers and building materials supplies for the Middle East.

This is the "alternative engine of growth" strategy which was being discussed even before the world outlook took a turn for the worse. And whether for home or overseas markets there is a shift back to light industrial investment with its lower capital needs. Better historical performance, and greater job creation rate. Though the population growth rate is now down to 1.5 per cent the workforce is growing at 3 per cent.

There are obviously very finite limits to which a country so dependent on imported raw materials and energy can boost domestic demand without running into balance of payments problems. But the old strategy of export at all cost and investment in heavy industry is no longer working so well. A shift in emphasis is inevitable.

### Political sense

Another structural problem, but one less likely to be tackled, is agriculture. The Park Government was always adamant that rural areas should enjoy the fruits of growth by paying high prices for their produce. High prices also encouraged production and reduced food imports. It also made much political sense, particularly in earlier years when the rural areas were still in the majority.

But South Korea is now saddled with very high prices being paid to farmers. The cost is borne partly by consumers through the prices they pay directly and partly by the community at large through inflation.

Grain and fertiliser subsidies now run at Won 400bn. These are extra-budget items, so even if the Government succeeds this year in meeting its "deflationary" target of a balanced budget, this item, which amounts to some 7 per cent of the budget, will continue to be a major inflationary factor.

It has almost reached the point where finance officials pray for a bad harvest to keep down the size of the subsidy. The subsidy has become so institutionalised that it will take a determined Government to assault it. With unemployment on the rise it is now also being argued that high farm prices are desirable because they will slow urban migration.

But meanwhile the urban classes are clearly paying heavily for farm prosperity and South Korea is heading for a Japanese situation of a high level of self sufficiency but with consumers paying several times the world price for staples such as rice. The import saving is small relative to the broader economic damage being done. This is another area where a more market oriented policy would have both long and short term benefits.

As they go about the hard task of digging their way out of oil crisis, U.S. recession, political ferment and raging inflation, South Korea will be keeping more than half an eye on Taiwan. The island orphan state has always been seen as a rival in trade and there has been an attitude of "keeping up with the Joneses" on both sides.

Until recently, South Korea normally thought of itself as being ahead, with faster all-round growth and a more ambitious heavy industry programme. But now there is considerable respect for Taiwan's quieter ways.

But a shift of emphasis and a change of pace may be difficult in a society which has grown used to living dangerously and achieving the impossible. Recent events have shown that the incredible is also possible—that South Korea could turn against itself and destroy much of what has been built up. But so long as it does not increase social spending, particularly for housing that its long term economic future is still bright.

A bustling scene in the centre of Seoul.



**'South Korea's adjustment process might have worked its way through quite quickly under normal circumstances. But things are not normal.'**

reminder to the nation that it is not the natural order of things for real interest rates on international markets to be negative.

The current deficit could well top \$5bn this year. That should be fundable. South Korea's debt service ratio is still only 13-14 per cent, and its debt to GNP ratio around 24 per cent. It has arranged a standby of SDR 640m from the IMF over the next two years—its limit from both ordinary credit tranches and the supplementary financing facility.

Apart from anything else, this should help it keep away from the Euromarkets temporarily if political unrest, necessitates delays in some big intended borrowings—such as the \$600m Korean Development Bank will be looking for this year.

South Korea's position raises the whole question of the debt problems of middle income countries. Its difficulty, in statistical terms, is relatively small compared with many others. But the sheer size of its borrowing needs and the worries over country limits for individual lending banks must cause some concern. Fortunately, however, South Korea remains a favoured borrower from the World Bank and ADB due to its ability to use loans quickly and effectively. And most of the huge borrowing

Many of the new industries were import substituting. They enjoyed protection that the earlier wave of light industries could not afford because they had had to make their way on world markets.

The distortions introduced by the subsidies to heavy industry and the export sector began to become clear as growth of both exports and GNP waned while capital spending boomed. Realisation of the need to reduce the distortions, stop handing out subsidies to American consumers, and generally make the economy more susceptible to market forces, came last year—before the death of President Park. It includes a rationalisation of interest rates and a slightly more open attitude to foreign ownership of industry.

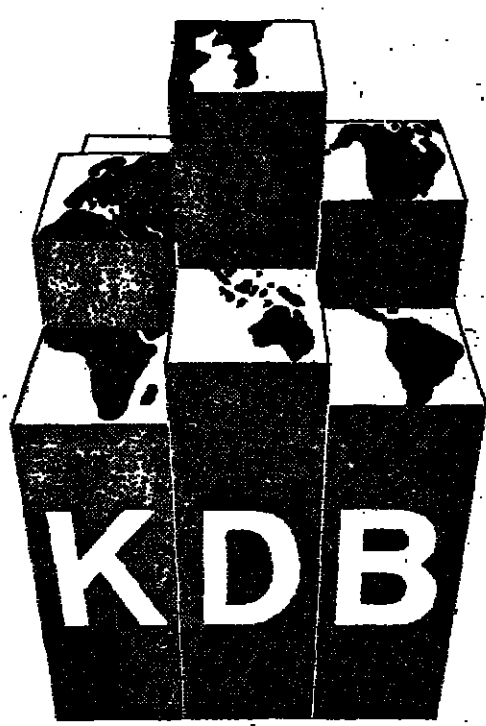
### Remarkable

In retrospect, the capital spending has been a remarkable achievement. Even last year, when high capital formation coincided with the oil shock, foreign savings contributed the only 18 per cent of total investment. The average for the three preceding years had been under 10 per cent. The achievement is all the more remarkable as it was against a background of rapidly rising military spending as the nation strove to increase self reliance because of fear of U.S. withdrawal.

Indeed, the self reliance drive was behind some of the military related heavy industry investment which in plain economic terms is now proving to be something of a millstone.

The result of these remarkable achievements was however that, though real wages rose significantly, they lagged way behind GNP growth. Korea may be paying the price now with labour and political unrest.

The heavy investment boom has, however, improved Korea's chance of developing a viable alternative to its export-led growth should the world market suffer prolonged stagnation. And in the face of a foreign exchange shortage, a reasonable level of growth could probably be maintained with a much lower level of capital goods imports than in recent years. Export weakness may anyway coincide with strong domestic pressure for much increased social spending, particularly for housing which in recent years has been



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PROJECTIONS FOR 1980 AND 1981			
	1979	1980	1981
Growth in GNP (%)	7.1	3.5	7.4
Growth in total consumption (%)	6.8	3.1	6.4
Growth in fixed capital investment (%)	9.6	-5.0	7.3
Total labour force ('000s)	14,408	14,836	15,363
Employed	13,834	14,094	14,695
Unemployed	574	742	667
Unemployment rate (%)	4.0	5.3	4.3
Increase in wholesale prices (%)	23.3	27.23	12.15
Increase in consumer prices (%)	21.3	22.23	12.15
Increase in monetary base (%)	23.8	10.0	10.0
Increase in money supply M1 (%)	20.7	15.0	15.0
Increase in broad money supply, M2 (%)	24.7	20.0	15.0
Current account (\$bn)	-3.9	-4.7	-3.5
Trade balance	-4.3	-5.5	-4.5
Exports	14.7	17.0	21.0
Imports	19.0	22.5	25.5
Invisibles and net transfers	0.4	0.8	1.0
Net long-term capital inflow	2.4	2.5	2.5
Net short-term capital inflow	0.8	1.0	0.5
Overall balance	-1.0	-1.2	-0.5
Bank borrowings (net)	1.8	1.7	1.0
Foreign exchange holdings	5.7	6.2	6.7



# Explosive forces still at work

## POLITICS

CHARLES SMITH

SINCE THE assassination of the authoritarian President Park Chung-hee last October South Korea has been in a state of political ferment.

It was more or less under control until the middle of last month, when tens of thousands of students took to the streets of Seoul and provoked the military into a savage political crackdown. Since then, the country has appeared at times to be teetering on the edge of civil war.

The bloody clashes in the south-western city of Kwangju during the third week of May cost more lives and engendered more real hatred than anything that has happened between North and South Korea during the 17 years since the end of the Korean War. By the end of the month the Army had re-established control in Kwangju and a superficial calm had returned to the whole country. Beneath the surface, however, explosive forces are still working to undermine what seems an extremely fragile set of political and administrative institutions.

### Caretaker regime

Officially, Government is in the hands of a caretaker regime headed by President Choi Kyu-hah, a former diplomat who was Park's last Prime Minister and who was hastily installed as his successor after the assassination.

A cabinet composed largely of retired bureaucrats and former members of the armed forces holds office under President Choi, but does not have responsibility for security. This is the concern of the Martial Law Command, a purely military organisation which was also established after the assassination but whose powers have been drastically extended.

When martial law was first imposed it applied to mainland Korea, but not to the island province of Cheju-do, an arrangement which had the important consequence of making the Martial Law Command responsible to the cabinet. When martial law was extended to the whole nation after the riots of May 14 to 16, the Martial Law Command became directly answerable to the President. This, coupled with the arrest of two dozen prominent politicians and other public figures, was the visible symbol of a drastic encroachment by the military on the rights and powers of the civilian Government.

The main significance of nationwide martial law is that all political activity is prohibited and that public gatherings are banned unless expressly allowed by the military authorities. Other important constraints include full Press censorship (not self-censorship by newspaper editors of the type enforced under President Park) and a ban on the criticism of the country's present leaders or their predecessors.

Martial law as currently applied is thus at least as inhibiting as the notorious Emergency Measure Number 8, a ruling introduced by President Park which made it a punishable offence to criticise the restrictive Yushin Constitution (except inside the National Assembly). The withdrawal of "EM 9" last December was regarded, at the time, as a significant step towards liberalisation of the political system.

The Yushin Constitution itself, providing for indirect presidential elections and presidential nomination to one-third of the seats in the National Assembly, is still in force and may prove hard to get rid of.

The reason the liberalisation that started after Park's death went into reverse at the beginning of May was that a group of generals felt things had been going too far and too fast.

In particular the Army seems to have felt the students were getting dangerously out of control. Korean university students have spearheaded most of the popular movements in Korea's modern history, starting with a campaign against Japanese colonial rule in the 1920s. They reacted to the lifting of curbs on campus activity at the start of the year by organising demonstrations against educational abuses but gradually turned their attention to political issues.

In April, students at several Seoul universities mounted a campaign against compulsory national service. This was followed, in May, by demands for lifting the limited martial law which had been in force since immediately after the Park assassination. The students also demanded faster constitutional reform than the Government plan, which provided for a new constitution by the end of the year and elections in the first half of 1980. Their demands were backed by a threat to organise street demonstrations in Seoul (a direct breach of martial law) if the Government failed to comply.

The students duly demonstrated when the Government failed to accept their main demands (despite such minor concessions as a marginal speeding up of the constitution drafting process). After two days of massive but peaceful demonstrations a meeting of student leaders voted to allow a "grace period" before calling further demonstrations on May 22.

Their conditions for not going ahead with the second round included the resignation of Prime Minister Shin Hyon-hwak and of General Chun Doo-hwan, the head of Military Security and acting head of the Korean Central Intelligence Agency.

### Military action

It was after hearing these demands that the Military decided the time had come to clamp down, not only on the students, but on a number of politicians who had been demanding faster progress towards democracy.

The politicians arrested in the clamp-down included the popular opposition leader, Mr. Kim Dae-jung (who was alleged to have incited the students to "rise up" against the Government), and the leader of the Democratic Republican Party, Mr. Kim Jong-pil. The arrest of Kim Jong-pil, a former Prime Minister and close associate of President Park, appears to have been motivated partly by a desire to suggest impartiality between left and right-wing politicians and partly by personal antipathy.

Since the Army moves, argument has raged between those who believe the crackdown was to some extent justified and those who see it as a gross over-reaction to what should have been a manageable problem.

Defenders of the decision to tighten up martial law, including the military themselves, make two basic points. One is that North Korea allegedly stands ready to take advantage of disorders in the South by sending infiltrators, who can be extremely hard to identify because of language similarities. The other is that the student activity leading up to demonstrations of mid-May revealed signs of "radicalisation".

Radicalisation here means the introduction of popular Marxist terminology into the pamphlets turned out on university campuses before the demonstrations. Observers say the movement towards radicalisation of the students stemmed from the

several hundred returned students expelled from the campuses for political offences during the Park regime but allowed to return during the period of political liberalisation after his assassination. The Marxism contained in the campus leaflets would be regarded as harmless in most western societies but appears in the Korean context (where most sections of the community are strongly anti-Communist) as a potential security threat.

Critics of the military crackdown (who, in the week following the tightening of martial law, probably included most ordinary Koreans) admit the possibility of northern military had other motives for acting. These seem to have included scepticism about Korea's readiness for democracy and a desire to perpetuate some aspects of the Park system. General Chun Doo-hwan, in particular, is regarded as a disciple of the late President who felt a sense of personal outrage at the "desecration" of the President's memory after his death.

A natural desire to cling to power on the part of those who once enjoyed it presumably may also have helped to tip the balance. An old Korean proverb which was being freely quoted before and after the crackdown says that monks who have tasted meat often find it hard

to go back to living on vegetables.

Despite suspicions that the military means to hang on to its power, the Government denies that Korea has lost the chance to move towards a more democratic system. The programme for a new constitution by the end of the year is officially still in force and the assumption is that elections of some kind will be held in 1981. Holding elections, however, will only be a step towards democracy of the rules for participation are liberal enough to allow legitimate candidates to take part. Since two of the three men who had been regarded as possible winners of a direct presidential election are under arrest and seem unlikely to get back their political rights by the middle of 1981, the prospects for a meaningful presidential race can only be regarded as dubious.

### Short on policies

Another snag about "democratisation," which pre-dates the advent of martial law, is that Korean political parties appear to lack substance. The main political groups, the Democratic Republican Party (originally founded by President Park) and the opposition New Democratic Party are short on policies and long on personal loyalty to the men who lead them. Neither party appears to have any real

claim to represent a section of the Korean community—for example links are non-existent between the opposition in the (suspended) National Assembly and the Korean labour movement.

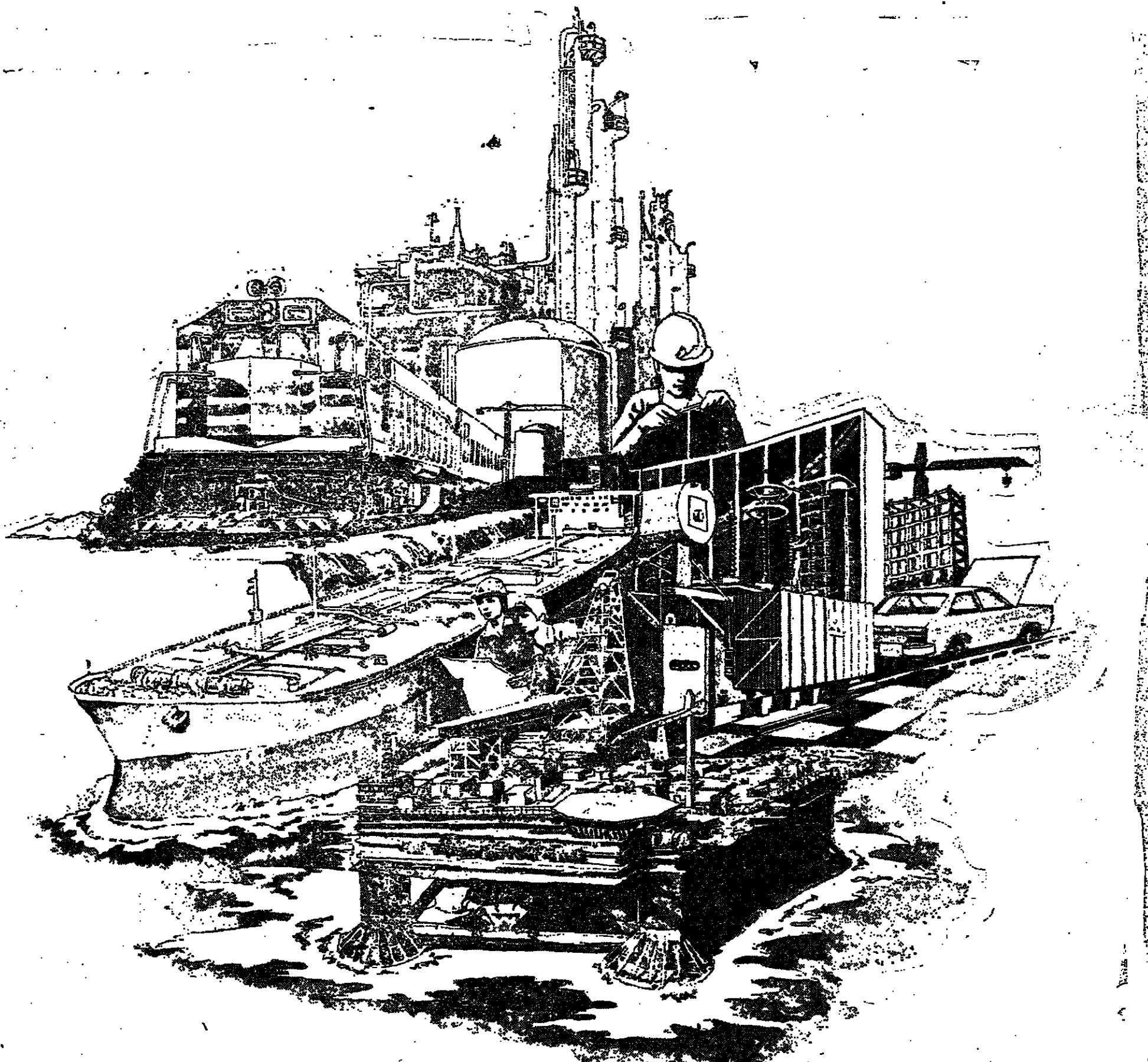
The emerging Korean middle class, consisting of small farmers and businessmen and white-collar employees of big corporations, has no voice in politics through either of the existing political parties.

The dismal outlook for democracy does not necessarily imply that everything is going the way of the generals. Direct military rule is unlikely, partly because the Korean economy is far too complicated to be presided over by a committee of soldiers and partly because General Chun, the most powerful figure in the army, seems to lack the capacity to become a national leader. This means Korea will remain for the time being in a state of uneasy transition with a Cabinet of civilians operating under the shadow of a powerful and interventionist military.

The reason this situation cannot continue for too long is that the Korean people strongly desire a more democratic system and are sufficiently articulate to make their demands heard. Sooner or later the country will have to move forward from its uneasy half-way stage.



The writing on the wall: South Koreans read the day's newspaper



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## SOUTH KOREA IV

## 'Second industrial revolution' takes a hammering

## HEAVY INDUSTRY

PHILIP BOWRING

ONLY A year ago South Korea saw itself in the midst of a "second industrial revolution" involving a massive shift of resources into heavy engineering, chemicals and other basic industries. These were to turn the nation into a broadly based industrial (and military) powerhouse. Foreign journalists were rushed to view such massive undertakings as the Okpo shipyard, the Changwon engineering complex, the Pohang steelworks and the Ulsan petrochemical plants and to soak in the Koreans' justifiable pride in their great leap

forward.

Today the enthusiasm is very muted. The heavy industry sector has fallen from grace—a victim (according to one's point of view) either of the bad luck of the energy crisis and the world economic downturn or of what one influential economist, Dr. Kenneth Park of the Government-funded Korea International Economic Institute, recently called "monumental mis-spending for giant projects."

The "second industrial revolution" has not, of course, come to a standstill. It cannot, because it has been given massive momentum in the form of physical capital and technical education. But its speed and direction are undergoing very critical reappraisal in the light not only of changed economic circumstances but also of the political situation. Heavy industry necessarily

became associated with a small group of giant undertakings which were favoured by the Government with cheap credit and tax concessions but in turn took up the challenge of the massive investments in the new areas of industry.

Those groups—the best known are Samsung, Hyundai and Daewoo—will remain at the centre of South Korea's industrialisation programme. But in the more plural political climate prevailing after the death of President Park their links with government have become less direct. At the same time these groups have been feeling the effects of the tight money policy.

## Contrast

Both the extent of the rush into heavy industry and the speed with which the brakes have subsequently been applied

are well illustrated by the Economic Planning Board's list of major projects for 1980. Projects to be commenced this year include not one single major manufacturing venture; the eight listed are all in power generation, other infrastructure and agriculture.

In contrast, the list of major projects to be completed in 1980 includes the following industries:

● Integrated machinery plant of Hyundai International costing \$530m (of which about 45 per cent involves foreign currency).

● The Okpo shipyard of Daewoo Heavy Industries, capable of building 1.2m gross tonnes a year. Cost is about \$275m, with the foreign currently around 45 per cent.

● 100,000-tonnes-a-year telephonic acid plant for Samsung Petrochemical costing \$120m, half in foreign exchange.

● 85,000-tonnes paraxylene plant for Korea Hapsum costing \$60m.

● Additions to cement capacity totalling 3.8m tonnes a year, to cost \$260m—principally involving a 2.8m tonnes expansion by Sangyong Cement.

● 105,000-tonnes-a-year pulp plant for Tonghae Pulp costing \$108m.

● 80,000-barrels-a-day oil refinery costing \$225m, 55 per cent in foreign currency.

Other major heavy industrial projects include expansion of the Pohang Iron and Steel's capacity from 5.5m to 8.5m tonnes with an investment of \$1.4bn, two oil refineries with a total capacity of 250,000 barrels-a-day, and a styrene monomer plant for Ulsan Petrochemical.

The impact of the moratorium on major heavy and chemical industry projects is likely to be felt more next year than this as projects in the pipeline are completed. In areas where there is duplication (as in heavy electrical industry) existing investment programmes are being "re-adjusted" and the tightness of money has slowed other projects. But generally the existing projects, such as the Okpo shipyards, are being completed so that they can make some contribution to production even if order books are quite inadequate for profitable operation.

Total capital formation this year is expected to fall after two years of very rapid growth. But though recovery is forecast for 1981 it is likely to be concentrated on housing, infrastructure and light industry. Heavy industry will have a slimmer diet for two-three years at least.

The malaise of the heavy, chemical and machinery sectors is not universal but it is widespread even in the areas of proven achievement. It results from the convergence of a number of unfavourable factors.

First is the energy crisis. Higher oil costs in themselves will inhibit consumption of petrol and of oil-based products, regardless of what happens to the rest of the economy.

The energy crisis has also caused South Korea to reconsider the long-term competitive position of its petrochemical industries, especially those with export ambitions, in a situation where it is paying high prices for oil and gas feedstocks while other producers have access to cheaper feedstocks from domestic sources.

Quite apart from price, there is the problem of access to supplies of hydrocarbons—a particular problem for Korea because of its delicate international position and distance from suppliers.

Energy cost and supply factors also have a major bearing on the desirability of encouraging energy-intensive industries such as non-ferrous metals. Past policy has generally been to aim for self-sufficiency—as in copper smelting. But a zinc smelting project has been shelved and for its aluminium needs Korea is looking to involve itself directly in a smelting project in an energy-rich, not-too-distant and politically stable (as hoped) country such as Malaysia or Australia.

Next come money costs and availability. Heavy industry is capital-intensive, and has been successively hit by rising dollar interest costs on imported equipment, higher all-round interest rates for domestic funds in won and Government moves to reduce the interests subsidy to priority sectors including heavy industry and exports. Working capital has been hard to find, so companies have cut back their fixed capital commitments. The Government has encouraged greater reliance on equity capital and retained earnings.

Finally there is employment. Years of rapid growth have allowed job creation to keep well ahead of workforce growth despite the big shift of population to urban areas. Declining growth is causing unemployment to become a significant issue. With capital and foreign exchange scarce, there is naturally a greater emphasis on the generation of employment through less capital-intensive industries.

This long litany of problems may suggest that the heavy, chemical and engineering industries are a massive disaster area. That is not so. South Korea's industrial march will continue and it is not unreasonable to predict that within a generation it will have caught up with Japan in many areas. However, the march is now more uphill than had been thought.

## Deterioration

The oil price rise and sharp deterioration in the terms of trade have had a significant impact on real wages, which had been rising very fast. The most obvious sufferer has been the motor industry, which boomed in 1979. Its subsequent recession has had a big impact on component manufacturers and machine tool demand. In many new products South Korea has had greater difficulty than it expected in establishing a niche in the world market because of weak external demand, higher than expected local production costs, poor quality, and lack of overseas familiarity with—or trust in—Korean brand names.

Again, the country has indulged, it seems, in excessive investment. Even allowing for the difficulty in forecasting the latest induced problems, some investments, including those in shipbuilding, heavy electricals and motors, seem to have been out of all proportion to any reasonable estimate of medium-term sales growth. Rivalry among the big groups has led to much duplication of investment while protection of the domestic market has resulted in oligopolistic tendencies.

Some investment also seems to have been premature. Koreans have learned the basic industrial skills quicker than any other nation in history, but ambition sometimes outruns the speed of learning.

To compound existing problems, the rate of growth of the Gross National Product (GNP) has slumped from its once customary double figure show-

ing. This is not just a short-term situation. Medium-term growth rates are also being drastically reappraised. Originally it was expected that GNP growth would continue to average 10 per cent over the long term and the heavy and chemical industries expand at 16 per cent. Their share of manufactured output was expected to rise from 44 per cent in 1975 to 54 per cent by 1981 and 60 per cent by 1986, and their share of exports from 36 per cent in 1975 to 50 per cent by 1981 and 64 per cent by 1986.

It is still possible these goals could be met. But, prudently much downward readjustment is now in process. Even if the long-term goals are achieved the short-term outlook is for sharply lower growth and a steep cutback in investment.

Apart from the weakness in the domestic market, some heavy industries are also suffering from flagging world demand, high input costs for petrochemicals, the uncertain quality of some of the products South Korea is now producing, and the fact that Korean names are not always well-established. Light industrial and consumer goods can often sell only on price. Buyers of capital equipment tend to be conservative and often are more concerned with reliability than price. For

with the decreased likelihood of an early withdrawal of U.S. forces from the Asian mainland, military requirements are likely to receive less emphasis.

Generalisations about the broad sector also obscure the widely differing circumstances that face different industries, themselves indicative of some of South Korea's strengths and weaknesses.

Steel is a particularly capital-intensive industry but one which can be regarded as successful. It requires a relatively small number of skilled workers and is an industry where top-class modern plant can offset inexperience.

Output of Posco is currently 5.5m tonnes a year. A billion dollar expansion which will come into operation in a year's time will bring capacity up to 8.5m tonnes by 1983. Depending on how demand grows, the expansion is more likely to reduce than increase S. Korea's participation in the international steel trade. Currently the country is still a net importer, buying 2.8m tonnes last year and selling 2-million tonnes. Imports are mainly hot-rolled, big sections and special steels. But the Posco expansion will include a hot-rolled mill.

In expectation of annual growth in steel demand of 14 per cent up to 1990, a second steel mill was planned to start

little outside help (that mostly from Britain) and no domestic market to fall back on. Shipbuilding has been seminal for Korea's heavy industry and the spur to big steps forward into such areas as turbine and marine, diesel manufacture—though these are areas where the learning process may be slower than once hoped.

Perhaps the most depressed of all sectors at the moment is the one where hopes were among the highest—vehicles. A domestic market boom last year has collapsed in the face of the very sharp rise in petrol prices and a faltering economy.

Output was 200,000 vehicles last year and had been expected to hit 280,000 this year, of which Hyundai would produce 103,000, Kia 70,000, Saehan 80,000 and the three makers of heavy trucks, buses and military vehicles 11,000. Exports would reach 40,000. But estimates have been drastically scaled down to only 120,000 vehicles, including a mere 12,000 in exports.

Far from spurting additional export effort, the domestic recession is discouraging exports because these have to be subsidised by the relatively high domestic prices—\$4,650 ex-works, for example, for a Hyundai Pony saloon. The present capacity of the motor industry is 350,000 cars on the basis of a 10-hour day and manufacturers and component makers had been planning for a dramatic rise in output to pass the 1m mark by 1982.

## Investment lies idle

Sooner or later rising income will outdistance energy costs and high taxes on cars. But meanwhile much investment will lie idle.

The car industry has structural as well as demand problems. There are too many manufacturers in an industry where scale is all important, and the lack of local design expertise means that South Korea must rely on buying technology. The latest technology is seldom for sale. Energy saving, pollution control and other requirements have increased the importance of technology in the motor industry in recent years and will delay the day when South Korea is a serious challenge in world markets.

A shift in emphasis now underway to encourage foreign investment may have come too late to be attractive to the foreigners, other than those prepared to take a long-term view and assure that South Korea will develop as a large market in its own right and be a potential launching pad for challenging Japan in Asian car markets.

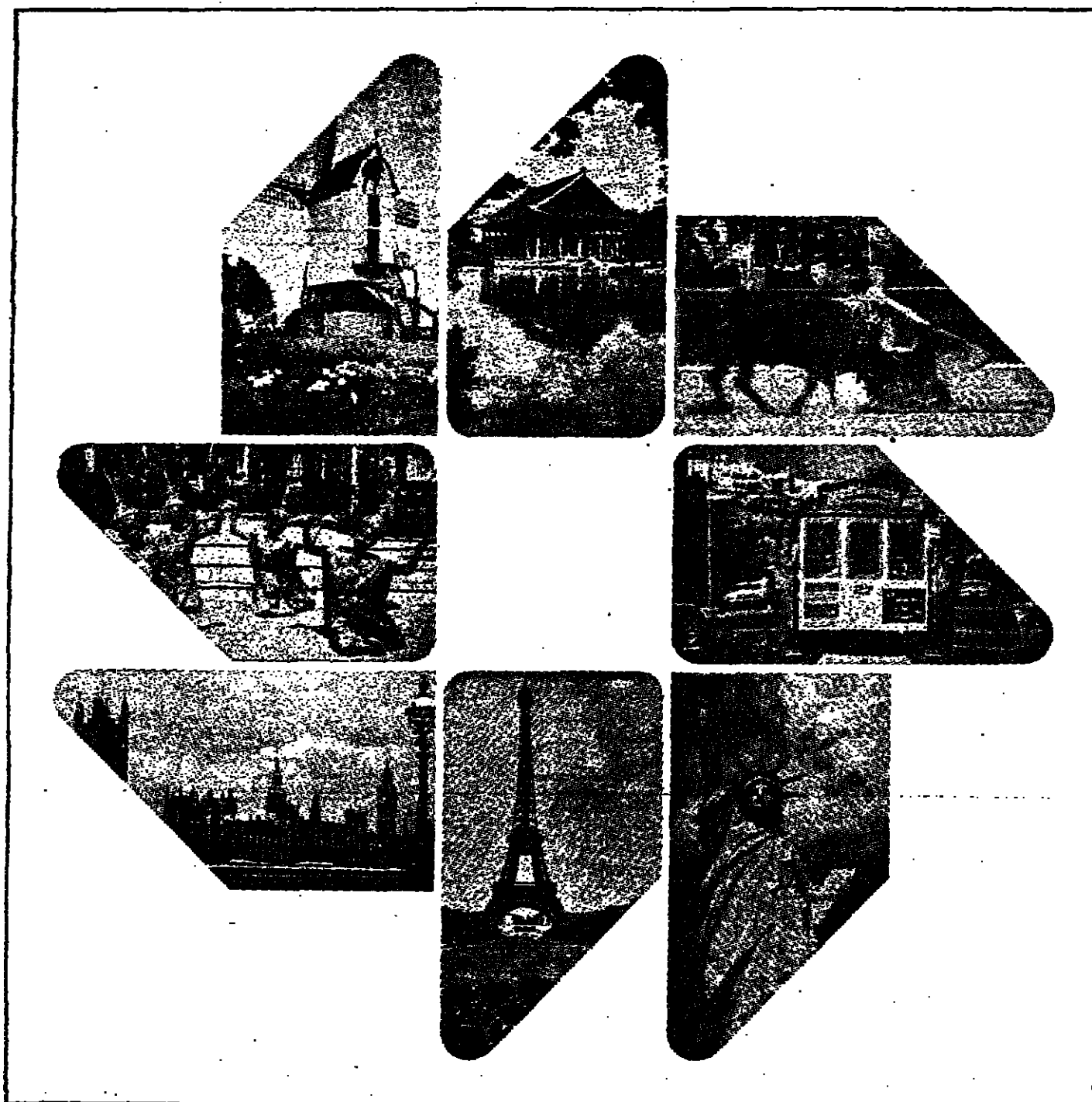
The problems of the vehicle industry have had wide repercussions throughout the machinery and engineering industries. These were already facing problems ranging from lack of orders to shortages of skills, orders and money.

These have compelled a number of mergers, including that of the relatively successful Hyundai Heavy Industries with the troubled Hyundai International, which had invested heavily in a manufacture of heavy power generation equipment at Changwon.

The chemical industries—like steel, mainly very capital-intensive plants producing intermediate goods for local industry—have been successful in producing goods at competitive prices. However, excess capacity in some areas, and the high cost of money, have caused major difficulties for some companies. AIG had had to be injected from the national Investment Fund and new capital injected by such institutions as the KDB.

There are very clearly been serious misallocations of resources to the heavy, chemical and engineering industries. But in the process Korea has acquired a lot of very impressive plant and equipment which will not be permitted to rust away. New uses are being found for some of it and workers are gaining practical experience. South Korea is developing a much greater degree of self-sufficiency which will stand it in good stead if world trade goes into prolonged recession.

'Koreans have learned the basic industrial skills quicker than any other nation in history, but ambition sometimes outruns the speed of learning.'



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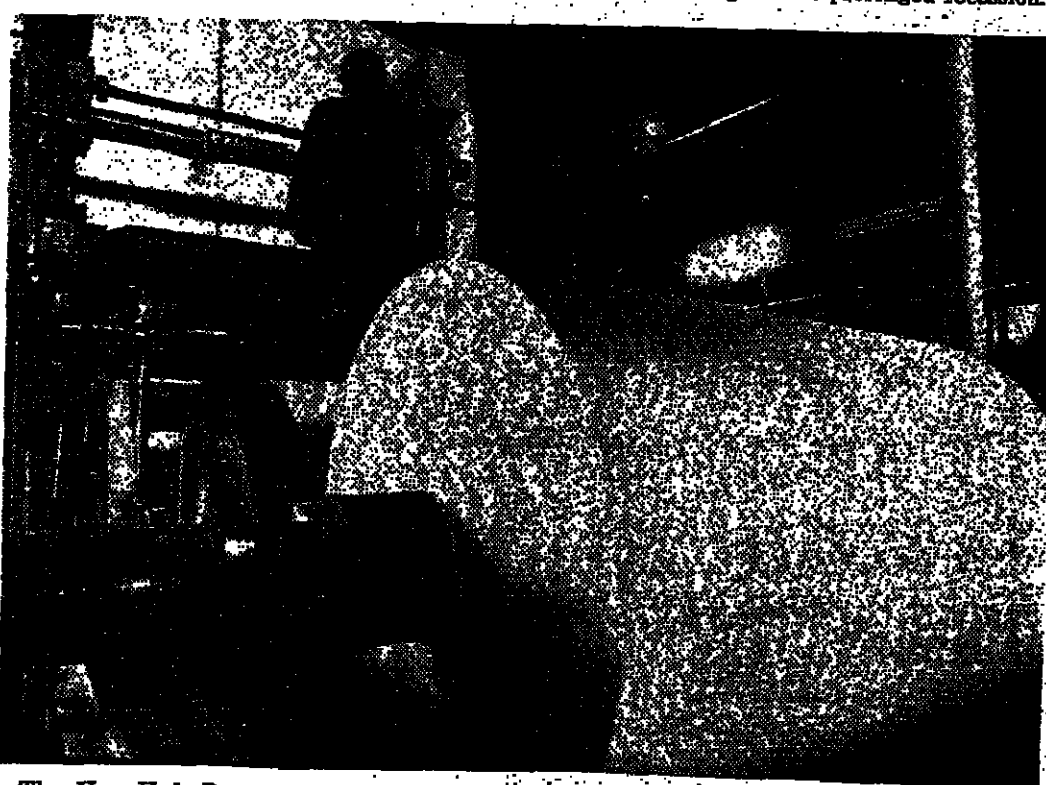
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The Han Huk Paper Company is one of many businesses which have benefited from loans from the Asian Development Bank via the Korea Development Bank



# Accommodating the economic downturn causes problems

**PHILIP BOWRING**

A black and white photograph of a large, ornate building with multiple domes and arched windows, likely a historical or religious structure. The building features a prominent central dome and several smaller domes on the roof. The facade is decorated with intricate carvings and arches. The image is grainy and has a high-contrast, almost halftone appearance.

**The Bank of Korea, Seoul**

However, this move, carefully orchestrated by the Ministry of

earnings growth prospects are insufficient to offset 30 per cent dividend yields and profit problems for many companies.

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# Authorities move to cut dependence on imports

## ENERGY

PHILIP BOWRING

THE ENERGY issue encapsulates the two key aspects of the S. Korean economy: its vulnerability to the outside world, and its determination to tackle the problem head-on.

S. Korea is a rapidly growing and industrialising economy, lacking in domestic energy sources. Indigenous fuels—mostly low grade anthracite—have been used to keep S. Korean homes slightly above freezing point during the long cold winter, but almost everything else is imported.

Energy usage now amounts to the equivalent of 45m tons of oil a year. Of that, oil itself, which is entirely imported, accounts for 62 per cent, coal for 25 per cent, hydroelectricity for 1.4 per cent, nuclear for 1.6 per cent and firewood for 3 per cent. Oil dependence is even greater in electricity generation, accounting for over 70 per cent.

The cost of the oil imports has become crippling for S. Korea, as for many other nations. Last year they cost \$3.4bn—a figure, not without coincidence, close to the current account deficit. This year will be even worse, with oil expected to average \$30 a barrel, from \$24 a barrel in 1979.

What is especially galling for S. Korea is that it has not exactly been asleep since the 1973-74 oil shock but has done more than most nations to alleviate dependence on imported oil. In the first place, it has more than kept domestic energy prices in line with international ones, quickly passing on increases and sometimes adding more in the form of taxes.

Petrol now costs more in S. Korea than anywhere else. And where else do lifts not work

between the ground and fifth floors?

Energy consumption has been growing fast, but not as fast as GNP. That in itself is a remarkable achievement. All previous experience has shown that at S. Korea's economic growth, energy consumption rises by up to twice the rate of growth of GNP. In S. Korea it has only been 80 per cent of GNP growth, though that had been expected to rise to unity, with GNP because of the shift—now slowed—to heavy industry.

Imported oil dependence has been increasing despite this achievement, because of the decline in the relative roles of coal and firewood. S. Korea's only significant escape from oil dependence is nuclear energy a slow process.

### Two a year

Even before the latest round of oil price increases, S. Korea's nuclear programme was assuming remarkable proportions. At present only one plant is in operation—a 650 MW Westinghouse reactor which came on stream in 1978. The next is not due for another two years, but eight are due to come on stream between 1983 and 1986, the four latest orders being for 950 MW. The pattern now seems to be for orders of at least a pair of nuclear plants each year. So far all but one of the nuclear steam system orders has been for Westinghouse light water reactors. The exception was a Canadian heavy water reactor. The Korea Electric Company now seems to have settled on the 950 MW light water reactor as its standard.

But that does not mean that Westinghouse will continue to pick up the orders. Especially keen competition is coming from Framatome of France, which makes a reactor under licence from Westinghouse. Apart from considerations of financing terms and local

content, political considerations are likely to have a bearing on the next orders. Keco has indicated that it may put out tenders for no fewer than four tenders in one batch, or at least invite tenders on the basis of two firm orders and two options.

For political and commercial reasons, S. Korea has deliberately favoured imports from the U.S. The last orders went to Westinghouse for the turbine generators as well as nuclear plant. But with S. Korea now coming under increasing pressure to restrain its exports to the EEC, it may want to use the prospect of nuclear power sales as a bargaining device.

The French are also putting it about that S. Korea should not depend on one supplier of enriched uranium and are dangling the carrot of eventual access to reprocessing facilities for spent fuel—extraction of plutonium and unused uranium.

The last nuclear plant orders are costing S. Korea \$2,600m a unit, including financing costs of which about half is in foreign exchange component. So far financial terms have been favourable, with almost all the dollars available from the U.S. Eximbank at fixed rate. Thus, S. Korea has not had to worry about escalating interest costs overtaking the price of oil-fired alternatives to nuclear power.

According to latest projections, by 1991 12 nuclear stations will be in operation, accounting for 36 per cent of power generation capacity. By then, electricity itself will account for more than a third of S. Korea's energy demand.

However, nuclear energy's proportion could go higher still, or at least reach the 1991 projection at an earlier date. The projection is based on an assumption of GNP and energy demand both growing at a rate of 10 per cent. Medium term

GNP growth estimates are being scaled down but S. Korea is unlikely to reduce its nuclear programme.

Also it is making strenuous efforts to cut energy usage. The aim is for a 7.5 per cent saving by 1985 and 10 per cent by 1991. All will come from oil. The other two prongs of S. Korea's determination to move away from oil dependence are coal and gas. Industries such as cement are being encouraged to shift from oil to coal firing. The main supply sources for coal are Australia and the U.S., regarded as politically dependable. It is aimed to supply 33 per cent of total energy demand and 6.5 per cent of electricity by 1991, mostly using imported bituminous coal.

Gas at present is not imported. Local usage last year was 336,000 tons of oil equivalent, this was mostly in by-product form. LPG imports are to start in 1981. There are plans for LNG import by 1985, though no supply contracts have yet been signed.

The aim is for gas to provide 10 per cent of energy demand by 1991. Gas and coal would replace oil in power stations. Together with the growth of nuclear energy and with a small contribution from hydro-electricity, oil would be virtually eliminated in electricity generation, whereas at present it accounts for 74 per cent. Oil's contribution to total energy demand would fall from 60 per cent at present to 48

per cent by 1985 and 37 per cent by 1991.

South Korea is also looking at solar power for domestic use—winter in South Korea is cold but it is also clear and sunny. And it is examining tidal power—despite the opposition of powerful fishing interests.

The medium-term projections are all tentative, the long-term ones even more so. But they all point to the radical goals that South Korea has set itself to reduce its oil dependence.

Reminders of that dependence have been particularly acute in recent months. Availability has been as much a problem as price for South Korea, because oil majors, faced with reductions in supply, have cut their deliveries. Meanwhile, South Korean

efforts to arrange direct government-to-government or private contract deals have been moving slowly. Hopes that ties with Iran had been cemented were dashed when the revolutionary Government in Tehran ordered the National Iranian Oil Company to withdraw from a joint refinery venture in South Korea which South Korea had hoped would help to ensure Iranian supplies.

Relations with Saudi Arabia and the Gulf states remain strong, but South Korea has scant relations with more radical oil producers such as Iraq and Libya, has no access to nearby Chinese oil, and finds Indonesian and Malaysian crude too costly.

Even if the most optimistic

energy diversification estimates are used, South Korea's oil demand will continue to grow by an annual 8 to 10 per cent from its current 486,000 barrels a day. Major relief will only come in the mid-1990s as long-term nuclear and coal plants bear fruit.

Some—but not many—hopes are being placed in finding local oil or gas sources. Exploration blocks have been awarded off the southern coast and the first drilling, by a Japan-South Korea joint venture, began recently—despite opposition from China, which disputes the waters. But it will take a very big find indeed to make much impact on the underlying energy policy of a rapidly industrialising nation such as South Korea.

## Pyongyang takes first steps towards talks with its southern neighbour

### NORTH/SOUTH RELATIONS

RONALD RICHARDSON

COMMUNIST North Korea may be the most monolithic, regimented and closed society on earth. Contact with the rest of the world, even in trade, has been restricted in line with the entrenched ideology of Juche, or self reliance, propounded by North Korean President Kim Il Sung. The country faces diplomatic isolation from much of the West because of its continuing military confrontation with South Korea and because of its unwillingness to allow any but the most formal contacts between North Koreans and the few official visitors.

The dynamics of politics within the northern hierarchy remain completely shrouded, even from diplomats stationed in the capital of Pyongyang. The large contingent of foreign journalists in the country last year during the world table tennis championships failed to penetrate the secretiveness and conditioned responses of those allowed contact with the foreigners.

Despite these obstacles, it seems clear that the North Korean regime is going through a revision of its long-established power structure and priorities. Although the change is taking place within a strictly controlled framework, quite unlike the turbulent play of forces at work in the South since the assassination last year of President Park Chung Hee, the events in the North are directly linked to those in the South.

**Dominating**  
The South has lost Park. But in Pyongyang, the dominating presence of Kim Il Sung remains to guide the devolution of power to those who will eventually succeed him. The "great leader" as he is most commonly tagged by his own people, is the second longest serving head of state in the world after Japanese Emperor Hirohito. But whereas Hirohito has been devoid of political power since the defeat of Japan at the end of the Second World War, Kim only came to prominence with Korea's independence from the Japanese at that time. Soviet support propelled the former independence fighter into the leadership of the northern half of the newly divided Korean peninsula and he has held on to that power

unchallenged since the early 1960s.

Now moves are under way for a younger political hierarchy to take over the reins of leadership in the 1980s from the old men who have led the country since it came into being. The sixth congress of the governing Korean Workers' Party (KWP) is to be held in Pyongyang in October — the first congress for 10 years — is expected to see the "new generation" take most of the top positions in the party's political committee, the Politbureau.

The key appointment is expected to be that of Kim Jong Il, 40-year-old son of the 68-year-old President, as second in line and official heir to his father. This could see the younger Kim taking over the post of Secretary General of the KWP, with his father moving to the new position of Chairman — in the style of Mao Tse Tung.

A group of officials in their 30s and 40s are expected to move up to take the places of most of the veteran leaders who have been associated with Kim Il Sung since the Second World War when they fought as guerrillas against the Japanese. At present, seven of the top 10 leaders of the KWP (excluding Kim Jong Il, who is never officially listed in the leadership) are older than 65.

New faces have already begun to appear. In the middle of last year, Lieutenant General Oh Guk Ryol, believed to be an associate of the younger Kim, was appointed chief of staff of the North Korean Army and for a few months appeared as a member of the Politbureau. General Oh, who is in his 50s, replaced 70-year-old Oh Chin U as the Army commander, although the veteran soldier remained Defence Minister.

However, whatever happens to the leadership at the October congress, analysts do not expect any changes in the nature of North Korean society or policies to emerge until Kim Il Sung dies, rather in the way China had to wait for the passing of Mao before adopting the more rational policies needed to draw it into the mainstream of world affairs.

The whole nature of North Korean society has been founded on Kim's claim to be the nationalist hero seeking to reunite his divided country in the face of U.S. military occupation of the South. To weaken this claim would undermine the justification of his authoritarian rule. Thus no change in his style of leadership or in his country's relations with the rest of the world are expected as long as he lives. And he seems in robust health for a man of his age.

### Significant

The problem of justification or legitimacy is taking on greater significance as the old nationalists and independence fighters fade from the scene. The "new generation" has yet to establish its nationalist credentials. This is thought by some observers in both North and South Korea to lie behind Pyongyang's proposal in January to call for new talks between the two halves of the divided peninsula.

As a result, the North for the first time offered to deal with the South on a government-to-government level by way of a meeting between the two Korean Prime Ministers. Only once before, in 1972-73, have Seoul and Pyongyang attempted to reconcile their differences at the conference table, and this was done in such a way that neither side had to concede the legitimacy of the other.

Now the North is apparently willing to acknowledge the Government in Seoul, and preliminary discussions to try to arrange the meeting, to be held in the border village of Panmunjom, have been dragging on for months as officials try to agree on an agenda.

Any narrowing in the gulf between the two sides sufficient to allow the meeting to take place — or perhaps even the evidence that an attempt was

made to negotiate — could be used at the all-important October congress to place a mantle of nationalism on Kim Jong Il, who is seen as prime mover behind the plan. Northern Prime Minister, Lee Jong Ok, though considered a technocrat rather than a party leader, is part of the "new generation" and would be able to point to their dedication to national reunification through the attempt at negotiation.

Even if a stalemate emerges at the preliminary working level talks, North Korea may seek to keep the line of communication

North seems to be facing the inescapable choice between a military cutback or economic stagnation.

Does Pyongyang really see that it no longer has the option of using force to reunify Korea? The answer is probably "yes," because Pyongyang seems to realise that all the foreign powers involved in Korea — China, the Soviet Union, Japan and the U.S. — now accept a two-Korea solution.

In the case of the U.S. and Japan, their support is explicit and public. They will recognise the North if Peking or Moscow

### Short of food

So time appears to have left Kim Il Sung behind, and the economic price he has paid is awful. As one U.S. observer commented recently: "North Korea faces very severe internal economic problems. They are short of food, backward in technology and virtually bankrupt. They are, in fact, a very poor imitation of Mao's China."

There are already strong signs that Pyongyang is trying to recover its lost economic momentum. Economic growth now has higher priority than at any time since the post-Korean war reconstruction period.

Prime Minister Lee Jong Ok and six of the nine deputy premiers are economic specialists. The current seven-year plan (1978-84) places great emphasis on developing hard-currency exports to pay for the technology imports needed to update the industrial sector, and some progress was being made in foreign shipments. However, as in the South, oil is a major problem.

Pyongyang imports oil from both the Soviet Union and China, and both are insisting on higher payments in barter goods. This is diverting commodities away from hard-currency markets and blunting the export drive.

Although locally produced coal is the main energy source, imports of modern mining equipment are needed to boost output. The in turn is holding back export growth in the key commodity suitable for trade with the West. Recent heavy investment in cement production facilities aimed at the export market has also run into technical problems.

So the problems of economic backwardness, although apparently acknowledged, still await a solution which, for political reasons, must probably wait for the death of "Great Leader Comrade Kim."

The pressures which emerged in China after Mao's death are bound to emerge in North Korea. As Socialist-bloc expert Dr. Donald Zagoria suggested in Seoul recently, "There must be a North Korean version of Deng Xiaoping waiting for Kim to die."

'Time appears to have left Kim Il Sung behind, and the economic price he has paid is awful.'

open. This would give Pyongyang some direct sounding board to the South at a time when political instability is the greatest for 20 years.

In the eyes of Kim Il Sung this must give the North its best—and possibly last—chance to secure reunification through its most recent strategy of supporting a popular uprising in the South.

Although there was no sign of Northern manipulation in the recent student demonstrations, and especially in the insurrection in Kwangju, the fourth largest city in South Korea, the unrest matched perfectly the analysis of the sequence of events Kim has for the past 10 years predicted will occur in the South.

Pyongyang has been careful to avoid any indication it was about to make an aggressive move towards the South, lest this frighten the contesting groups in the South to settle their differences quickly.

But if Seoul is eventually successful in achieving a stable government to replace the authoritarianism of Park Chung Hee, it is hard to imagine circumstances arising again to enable the North to intervene at the "request" of a significant revolutionary movement with sufficient capability to overwhelm the industrially advanced South.

The strain on the Northern economy in building up its military capacity in the early and mid-1970s and maintaining it at its present level of 700,000 men permanently under arms — 11 per cent of the workforce — has serious set back industrial modernisation. With the chance of using these forces receding, and the South pulling far ahead in economic achievement, the

will open diplomatic relations with the South.

Both China and the Soviet Union publicly oppose formal recognition of the division of Korea. However, most analysts agree that each maintains the position so as not to antagonise Kim Il Sung and so drive him diplomatically towards the other. Privately, Soviet officials concede that a two-Korea solution is inevitable, while Washington analysts say there is evidence Moscow tried to induce Pyongyang to accept this in return for economic aid two years ago.

### Withdrawal call

Peking sticks formally to its support for Kim and continues to call for the withdrawal of U.S. forces. But few believe the Chinese would risk their growing alliance with the U.S. in support of military action by Kim—especially if the Soviets stayed out. Pyongyang last year saw Peking support the joint Seoul-Washington proposal for three-way talks to settle the Korean question.

So North Korea really has little hope of support if it attempted military action. As one military analyst put it: "If South Korea has doubts about the U.S. as a reliable partner, imagine the doubts North Korea has about China and the Soviet Union. The North Koreans saw Moscow welcoming Nixon while the U.S. was bombing Hanoi."

The worsening of U.S.-Soviet relations this year has probably not altered that situation. Moscow does not appear to trust Kim any more than he trusts them and there is no indication that they would use North Korea as a military surrogate as they



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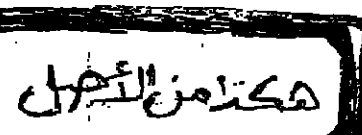


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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



This empire of Trevor Chinn, chairman of Lex Service Group, includes vehicle distribution, the Volvo concession—the Volvo 345 was introduced this year—and the management contract for London's Carlton Tower, where the Chelsea Room restaurant has received wide acclaim.

## Why Lex is driving into more garages in the U.S.

Robert Cottrell on a UK motor group's diversification strategy

THE Lex Service Group has gone west — to California, where it hopes that its acquisition of two automotive parts distributors will initiate a new growth area for the British vehicle, transport and hotels group.

The move is the fruit of a medium-term strategy which has become increasingly important to Lex since it was first conceived in the wake of the 1973 oil crisis. "In 1977," says Lionel Harvey, the corporate planning director, "we identified the external constraints on developing, taking a five-year view of the UK economy." The conclusion was that "to sustain long-term growth, we had to look outside the UK on fundamental economic grounds," he says.

The result is that Lex has recently spent \$12.2m to buy a pair of companies in what American parlance styles "the automotive aftermarket" — the supply of proprietary and own label spares for all vehicles. Their combined turnover is around £50m. Lex hopes that within five years its U.S. automotive aftermarket interests will be contributing some 10 per cent of group profits — roughly twice the level on acquisition. Moreover, the automotive business is likely to provide a diversification into related activities in the U.S.

For the moment at least, Lex's drab view of the UK economy would seem to have held good. Group operating profits were flat in the first quarter of the current year, despite a particularly buoyant market for certain models in the Volvo range. Lex is the marque's sole UK concessionaire. Together with several BL and one Rolls-Royce dealership, Volvo makes up the passenger car distribution and servicing division, which chipped in £21.5m of 1979's £32.2m trading profit, and £308m of the group's £499.2m turnover.

Last year was particularly good for Lex's Volvo interests, with strong sterling boosting profit margins while the car sector as a whole saw record new car registrations. Volvo's smaller "300" series has moved ahead strongly. But industry analysts see recession developing in the current year.

The first taste has come in unofficial industry figures for the first three weeks of May, totalling 87,000 and indicating a large fall from the 193,000 sales in May 1979. Lex is too big to buck such a trend.

Of Lex's other interests, hotels — it owns two in the UK and four in the U.S., plus a management contract for London's Carlton Tower — are absorbing a large quantity of cash at a relatively low rate of return.

Profits on commercial vehicle distribution and servicing are flat, though contract hire and leasing continues to show growth. Within transportation and freight handling, a new

computerised delivery system is being extended this year at the Wilkinson Transport subsidiary, and could help provide some useful UK profits growth, though there is unlikely to be an adequate return on capital here until 1983.

The healthy profits of 1979, then, look to have provided Lex with the means to buy into what it hopes will be a recession-resistant investment ahead of what it believes will be a depressed phase for western economies.

"We looked in developed countries, where our high-level service operations are appropriate," says Harvey. The U.S. appealed because "we liked the small language problem, the small cultural differences, and the business ethics." Lex's own ethical standards meant, he says, that "we couldn't operate in various parts of Europe." Also, the company already had a management presence in, and feel for, the U.S. economy, with its existing hotel business there.

Lex commissioned a study by American consultant Booz Allen and Hamilton to find a suitable entry for the group. The Booz study accumulated "an initial level of raw data on 12 industries," says Trevor Chinn, the chairman.

### Folklore

The 12 were "industries associated with service and distribution," says Harvey — related to, and in some cases identical with, Lex's existing activities. The 12 were scored off matrix-fashion against 12 criteria which included growth rates, profitability, and competitive structure. On that basis, the Lex planning staff narrowed the choice down to the automotive aftermarket.

An unusual feature of this stage of the evaluation was that the company brought in the task a group of researchers associated with American business schools, predominantly Harvard, of which Chinn is a graduate. The Lex think-tank "started to show conclusions which were actually at variance with the folklore of the industry," says Chinn. "The basic issue challenged was the level of DIY in the market." The company is understandably keeping its expensively-researched nuggets under wraps, but clearly it is far more optimistic than others of the potential. The prospect of stealing a march on the established competition by plotting a strategy based on its own interpretation of DIY trends was therefore sufficient to persuade the British group that it had found its target area.

In order to decide where to move in, "we ranked the

regions of the U.S. in broad macroeconomic terms," says Harvey. Lex felt that the fragmentation of the automotive aftermarket in California made it an attractive point of entry, so "we took the decision that to get in on a sufficient scale we would start with an acquisition."

The companies acquired were Chanslor and Lyon, which distributes passenger car parts, and Motor Rim and Wheel Services, which specialises in wheels, brakes, axles and associated components for commercial vehicles. Alongside the \$12.2m purchase price, the two companies brought on board \$9.3m in debts.

The largest of Lex's competitors in the U.S. automotive aftermarket, Genuine Parts, is in the \$750m sales league. Lex is attracted by the high rates of return on capital — around 30 per cent — enjoyed by some of its rivals. "The distribution system is very local. If we can replicate the (national) distribution system logistics and volume in a local market, we can go a long way to replicating those returns," says Chinn.

The automotive parts market is a relatively predictable business, since a typical vehicle is on the road for about three years before it becomes a heavy consumer of spares. "The industry is stable and mature, and we know something about the products as well as the structure and operational characteristics," says Chinn. The next stage of Lex's American strategy will be a move into "a second business in which the growth opportunities are significantly better," he says. This is likely to be in industrial spares distribution. "At this stage we're looking at industries which interest us," says Chinn. "By the end of 1981, we might have made a start on some level of investment in the new area of distribution."

Lex recognises that the American adventure will be a major cash absorber for much of this decade. It has a stated policy of continually balancing cash generation against cash absorption, and has in the past relinquished its less contributive businesses, such as certain BL dealerships and actual ownership of the Carlton Tower hotel.

Whether on this basis there is a future for Lex's remaining hotels within the group is open to question. Chinn concedes they are a "great consumer of cash," but it seems that there are no current plans for further disposals.

Hotel sales would, however, unlock useful quantities of cash for a group which in its last balance sheet supported £70.9m of medium and long term debt on shareholders' funds of £98.5m.

The drive to diversification,

both industrial and geographical, has been with Lex through the past decade. Some of its less successful romances, like employment agencies and hotels, were "things we did opportunistically," says Chinn. The move into plant hire and leasing was thoroughly planned and researched, and has paid off, he says.

Despite all the homework which has gone into the Californian acquisitions, U.S. oil and petrol pricing and increasing small car import penetration is providing a fair spread of current uncertainty. But the key strategy decisions continue to be valid," says Chinn. "It's a game for bright people."

## Healthier than they think

COMMISERATE with the poor executive, at least as far as his health is concerned. Life at the top supposedly deals him an extra ration of stress while his expense account enables him to eat and drink more than he should.

Until recently the popular misconception was that his lifestyle made him more prone to ill health and premature death than other workers. However, evidence has been building up to nail once and for all the myth that managers are less healthy than other workers in industry.

This had certainly been the impression given by the Government census of 1961 which recorded that deaths due to diseases of the circulatory system (mainly heart attacks) were more prevalent among managerial occupations.

However, by 1971 the Government census, which was only published in 1978, was reporting the contrary — that heart attacks were more common among the lower social classes (including non-manual clerical workers).

The reasons for this switch in health patterns is not immediately apparent, although it has been suggested that the earlier statistics were collated from old-fashioned, and possibly less reliable data-collecting techniques.

Another suggestion is that the health of managers has, in fact, improved over the period, thanks mainly to the screening services available to them as part of the private health insurance package that normally goes with the job.

The latest body to authenticate that managers do, after all, enjoy a better standard of health is the British United Provident Association (BUPA), the largest health insurance organisation in the UK.

Last year BUPA won a contract to provide 35,000 blue collar workers in the electrical industry with private medical insurance — a service which includes screening the operatives over a three-year period.

The contract marked the first time that blue collar workers in the UK were offered private medical insurance on such a large scale. Through the screening process it also offered an opportunity to examine for the first time the health profile of a large group of shop floor workers.

This could then be compared with the health profile of managers. In BUPA's case, the comparison could be made with 176,000 managers screened since the organisation's London medical centre came into operation 10 years ago.

Screening of the electricians started in January when 1,600 men in the Manchester area were invited to attend a consultation. Eventually 540 responded, a figure which BUPA said "exceeded all expectations."

The results, according to BUPA, confirm that blue collar workers are more vulnerable to illness than the professional classes. But they also contained a number of statistical surprises.

### High risk of heart disease

Based on factors such as cigarette consumption, blood pressure, blood fat levels and the amount of exercise taken, the survey showed that one third of the electricians, whose average age was 35, have a moderate to high chance of developing heart disease in the near future — more than double the proportion for managers of a similar age.

More managers — almost 30 per cent — fitted into the low-risk category, compared with a fifth of the electricians.

BUPA has not yet age-matched some of its other findings but these figures are apparently confirmed by an analysis of electrocardiograph (ECG) readings, which give an



indication — albeit a crude one — of vulnerability to heart disease. The figures show that marginally more electricians are borderline cases compared with a cross section of managers' 13 years their senior.

This suggests, says Dr. Alan Bailey, BUPA's research director, that the electricians are "medically older than their chronological age. That the signs of coronary vulnerability are so evident in the group 12 years younger should give cause for concern."

BUPA also discovered that the incidence of smoking among the electricians was significantly higher than managers, although up to two-thirds of both groups were either non-smokers or ex-smokers. However, it was notable that of those who smoked, more managers than electricians smoked the equivalent of more than 40 cigarettes a day.

The pattern for alcohol consumption was not as perverse, however. Overall the younger electricians drank as much as the older cross section of managers but roughly a tenth of both groups admitted an intake of more than 60 grams a day — the level above which alcohol poisoning and sclerosis become likely.

Both groups appeared to be subjected to similar stress factors while in terms of exer-

cise taken, the managers seemed to be more active and therefore slightly fitter.

BUPA admits that the findings are based on a relatively small cross section of operatives but says it is confident that the pattern will be repeated as the screening process continues. The implications, it believes, are clear. As the main killer diseases are related to life style, "it shows the failure of the health education message to get down the blue collar line."

BUPA puts the blame squarely on the Department of Health which, unlike in other developed countries like the U.S., Sweden, France and Germany, does not offer an occupational preventive medicine scheme.

It believes that more and more unions will now start demanding screening services for their members to put them in line with managers' perks.

### Historical hostility

While this may be the case, BUPA still has to overcome the historical hostility of the trades union movement towards private medicine. This was demonstrated in full measure last year when many union leaders condemned the electricians' deal with BUPA.

Any radical increase in the demand for screening will, however, put pressure on employers and could lead to a change of priorities within the NHS.

Dr. Bailey believes that the UK will follow the U.S. pattern, where annual screening is generally written into the employee's contract of employment. However he also believes that the momentum "could be faster than employers would like."

Arnold Kransdorff

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## THE ARTS

## Aldeburgh openings

by ANDREW CLEMENTS

Not until Saturday did the 1980 Aldeburgh Festival gather momentum, and begin to offer serious musical fare. The annual staging of at least one of Britten's major operatic works this year focuses on *A Midsummer Night's Dream*, which was first presented on Saturday evening at the Snape Maltings by the English Music Theatre Company. The same afternoon, in Blythburgh church, the first performance of Colin Matthews's string quartet No. 1, sandwiched between Haydn's unfinished B-flat quartet and Beethoven's A minor quartet Op. 132.

Matthews is a familiar face at Aldeburgh, emanating from his final years and latterly working with Imogen Holst on a complete edition of her father's music. As a composer, he is also very much within an Aldeburgh tradition of thoughtful conservatism, retaining a broad tonal framework and often incorporating gestures that betray a close study of Tippet and Britten. The new string quartet falls out of the same mould, even to the extent of borrowing, unconsciously, the rocking refrain from Britten's *Nocturne* to close its final movement.

It remains, however, an impressive, authoritative piece of writing. In the Fitzwilliam's completely assured performance,

the quartet plays for something over 25 minutes, three movements which increase progressively in length and expressive weight. The opening *Lento* suggests an orthodox sonata form with three subject groups, a short development and even more compressed reprise, but simple classical shapes blur and coalesce as the movement proceeds. The emotional temperature gradually rises until the recall of the principal themes is accorded a grandiose presentation, cut short by a brief whirling coda. The plan appears more straightforward on paper than it does to the ear.

Throughout the work it is clear that Matthews has the medium deeply absorbed into his thinking; the facility is prodigious, and so is his ability to generate and sustain an authentic, entirely idiomatic quartet texture. Thus the central scherzo bounds along, juxtaposing frantic solos and heated tutti, for ten minutes with no hint of flagging; its material is rather impersonal but at the core of the work its effect is solid. At first hearing, the finale is the most immediately satisfying section, a lyrical *Adagio* contrasting two types of material — Bayan, Northcott's programme note likened it to the finale of Mahler's ninth symphony, in its contrast of the personal and the impersonal.

The more distant austere music wins, and shades out into the rocking coda.

A full discussion of a *A Midsummer Night's Dream*, produced by Christopher Renshaw and conducted by Stuart Bedford, must await later performance. In the meantime it can be recommended for an illuminating, if sometimes over-fussy, production and a mixture of good and uneven young singers. Unusually, too, at the beginning of Janet Baker's recital with Geoffrey Parsons at Snape yesterday afternoon: A first half of French composers, beginning with a group of Duparc and Ravel's Mallarmé settings, only gradually combined vocal focus and verbal response. Rather sedate tempi and occasional sequences of uneasy vocal sounds spoilt the flow and only when two sets of *Fauré* were reached, his Op. 18 and the *Poème d'un Jour* did the most radiant voice provide seamless performances. The standard was maintained in the second half — Brahms's two songs with viola (Peter Schidlöf) and Spohr's six songs with clarinet (Thea King); great artistry and more spontaneous responses were lavished on substantially inferior and recalcitrant material.



The Beach Boys

## Wembley Arena

## The Beach Boys

The Beach Boys must be among the half dozen most important influences in the development of contemporary popular music. It may be going slightly too far to say that single handed they created "California" in as far as millions of people "know" that State through the Beach Boys, but they certainly invented a type of Californian music, "surf", which with harmonies taken from the meticulous quartets of the late 1950's, such as The Four Freshmen, plus some relaxed rock guitar, produced a glut of songs symbolising good times on the beach, with everyone beautiful and all right with the world.

The predictable irony was that the Beach Boys fell away from their image, one, Brian Wilson, cracking mentally under the strain of being the creative force; another, brother Dennis, flirting with Charles Manson, a third, their cousin Mike Love, taking the transcendental trail. But the Beach Boys never quite disintegrated and by some wonderful chance were all on stage at Wembley this weekend. For their mass of fans that would have been enough; fortunately it was one of the most enjoyable concerts played in ages.

Looking relaxed behind gleaming white equipment the Beach Boys, their numbers swollen to ten to pad out the sound, seemed to be trying to make this a special concert. Though Mike Love handled the introductions and most of the

vocals there were solos by Carl Wilson and Dennis while Al Jardine added the occasional brilliant guitar flash, especially on "Help me Rhonda". Some of the studio perfection was missing — and the sound system at Wembley does not help refined music — but the good natured performing of the Beach Boys was a revelation. Mike Love might be tending towards the camp in some of his gestures but he got the beach arena going, obligingly taking cameras from the throng pressing the stage in snap the occasion, and manipulating the performance so that after the new material slowed down the middle of the set plenty was left in reserve for the exultant encores. There was even a semi-stripper to dash on stage for a second of fun.

And to top it all up there was Brian Wilson. He might have been there more in body than spirit but he played and sang occasionally — something he has rarely done in public for 16 years — and the audience loved the fact that he was pulling through, the Beach Boys had pulled through, and that they, too, were still there, after all these years. Seconds after the last note, while the fans were still stamping, a fleet of limousines were whisking the Beach Boys away. The clean-cut quintet of almost 20 years ago may be plumper and hairier, broken and mended, but they have survived and their music has done more than survive: it has grown.

ANTHONY THORNCROFT

## Architecture

## Glittering Prizes

by COLIN AMERY

Today the assessment begins in one of this country's most highly regarded architectural competitions. The Financial Times Industrial Architecture Award. Three distinguished assessors, two architects and a layman will gather in a room at the Royal Institute of British Architects to look through the vast piles of photographs to make a preliminary list of possible prizewinners. The next stage is a series of visits to the short-listed industrial buildings to see how well they work in use, and this is the tricky part, to see how well they live up to the image they have been given by highly skilled architectural photographers.

Sir Charles Troughton, chairman of the British Council, continues as the Financial Times lay assessor and he is joined this year by Richard Rogers and Richard Burton, both renowned architects. Mr. Rogers is perhaps best known for the Centre Pompidou in Paris but he has accomplished a quantity of industrial work and is now designing Lloyds' new building in the City. Mr. Burton is a partner in the firm Abreus Burton and Koralek and he has a particular interest in energy savings in buildings.

This year seems to be the year of the architectural award. The other day the first Ambrose Congreve Award for Architecture was announced and the first recipients named. Mr. Congreve heads the firm of Humphreys and Glasgow — a large engineering, design and building company — and he has always been interested in improving the standards of taste and design.

This year the generous prize of £5,000 was shared between two very different schemes, the huge Byker Housing Development in Newcastle designed by the Swedish based British architect Ralph Erskine, and the Sainsbury Art Centre at the University of East Anglia designed by Foster Associates. It is difficult to imagine two schemes that are less alike.

The point of the Congreve Award is to encourage buildings that follow Sir Henry Watton's famous dictum, "Well building hath three conditions, commodity, firmness and delight" and the first two prizewinners both do this, but in remarkably individual ways.

The Ambrose Congreve Award covers the whole architectural field, it can be given

to any building that "houses some form of human activity" — so there is plenty of scope for British architects, including Eire.

Perhaps the most prestigious architectural prize is the new Award for Architecture initiated by the Aga Khan. This new trophy is "to encourage buildings that combine the best of the Muslim traditions with appropriate uses of modern technology. An international jury is screening more than 200 projects from 30 countries in the Muslim world and three technical assessors are roaming the globe looking at the entries on site. A series of seminars has been exploring the quality of the new built environment in the Muslim world and, quite rightly, wondering what has happened to the great traditions of Islamic architecture under the impact of modern developments.

With so much high level encouragement from patrons and sponsors outside the architectural profession architects no longer have any reason to feel unloved and neglected. Let's hope that they in their turn will respond with some great and beautiful buildings.

## Criterion

## Tom Foolery

by ANTHONY THORNCROFT

Just as a Max Miller audience had a choice of two joke books — the *Red One* (never opened) and the *Blue* so the student of 20 years ago invariably had two records to his collection — the *fresh, pure air of Julian Slade's Salad Days* or the sick decadent giggle of "Songs by Tom Lehrer".

In the intervening years Tom Lehrer has disappeared to teach maths to American college boys while the world has caught him up — and passed him by. Material that the BBC banned and what seemed the height of sophistication are now popular favourites on *Junior Choice*. Seen and heard from today's seen-it-all, done-it-all world — as they can be at the Criterion — Tom Lehrer's songs are Songs of Innocence, of black and white, of erudition and wit. Of the 30 songs lovingly resurrected from near oblivion by Cameron Mackintosh just

two or three can still raise a sly smirk. For the rest it is, nostalgia, blatant and unashamed.

With Robin Ray, clipboard at the ready, in charge, and gaily glib Jonathan Adams, neat Martin Connor and bouncy Tricia George to help out with the singing and dancing, Tom Lehrer's music gets the Sondheim and Coward treatment. The loss of Lehrer's own cynical voice and heavy piano playing, so much a part of the memory, are missed on some of the more *flendish numbers*, like "When you are old and grey" and the "Old Dope Peddler", and the five-piece band is hard put to build up Lehrer's rather slight melodies into a musical treat, but *Tom Foolery* is such a good idea, so amiably played, that it can be warmly recommended to anyone who even half remembers the creepy "I hold your hand in mine," the poisonous

"Pigeons in the Park" and the ever topical "I got it from Agnes".

Tom Lehrer perhaps ran out of his very humanitarian strain of venom just in time, and some of the songs included here could quietly be put down again. But his hits are palpable, and some of the horrors of the 1970 era, most notably his warnings on the Bomb, are alive and sadly thriving. Lehrer's originality has never been threatened and to again join in "The Vatican Rag" or the "Masochist's Tango" is a nice way of growing a memory. There is some updating and a generally humorous linking dialogue, which dwells on Lehrer's reluctance to mature. "He's 52 now, but prefers to think of himself as 11 degrees centigrade," but remaining in 1960, with this harmless, bawdy and innocent wit would not have been a bad fate.

## Covent Garden

## La Bohème by DOMINIC GILL

The latest revival of the 1974 Copley production of *La Bohème* opened on Saturday with a schools' matinee. Only the three principals are new to the production, and of these the Rodolfo of the Czech tenor Peter Dvorsky is outstanding (the role marks what is essentially Dvorsky's real debut at Covent Garden, after a curtailed Duke of Mantua in *Rigoletto* two years ago). It is, from every aspect, a striking assumption, without significant weakness. The manner is attractively boyish, but not simple. The voice is a fine instrument, rich and vibrant, warm and creamy in the middle registers, at the top unusually full and true. Dvorsky moves easily — and sings easily in natural attitudes, without stiffening into poses. His Act 1 Narrative was a triumph of athletic vocal coordination, of climax without strain; his "Mimi è una civetta" was both admirably forward and quietly, finely shaded.

The Mimi of Mirella Freni is robust, resilient in the early acts, there is more command than appeal in the presence.

But the voice is consistently warm, and the phrasing noble; her final scene was touching not so much for its pathos as its quiet resignation. Carol Neblett is a handsome and boldly sequestered Musetta, who delivered her "Quando m'en vo" with positively devilish sparkle. Peter Glossop, John Rawnsley and Cwynne Howell are still the three familiar friends; Brian Donlan's crusty Benoit, and Eric Garrett's pawky Alcide, once more make their nice, effective point. Julia Trevelyan Oman's opulently bohemian sets have lost none of their tarnish. The musical direction of Robin Stapleton is sympathetic, properly and carefully paced.

One might have hoped, among an audience of schoolchildren, to hear a whole act of *Bohème* for once without interruptions for applause — but someone has already got to them, and taught them the horrible habit of applauding individual arias.

Benjamin Gill (aged 11) contributes the following note:

I had never seen an opera by Puccini before, and I thought

this one was terrific, even if it was also pretty sad. The music was good too, though I didn't like it quite as much as Chaikovsky or Mozart. The costumes and scenery were also very well done, especially the market-place with the cafe and all the shops, and the very beautiful last snowy scene — though at the beginning of that scene there was so much smoke from the customs-house chimney blowing around the stage that everyone, not just Mimi, started coughing.

I expected Mimi to look much paler and slier than she actually did, but I suppose it must be a bit difficult to sing so loud and look ill at the same time. Her boyfriend Rodolfo sang just like one of those Italian singers you hear on records, very high and fantastically loud. I liked him, and his friends, too, dancing and joking all the time. I couldn't understand any of the words, but if you knew the story already, it was really quite easy to understand what was going on. I'm glad they can cure tuberculosis more easily these days.

## York Festival

## Mystery Plays

by MICHAEL COVENEY

Apart from the solid reclamation of John Webster's exciting Jacobean tragedy, *The Devil's Lane*, (not to be missed at the Theatre Royal, the major item on the York Festival's dramatic agenda is, as usual, the York Cycle of Mystery Plays given in the ruins of St. Mary's Abbey and based on the version, prepared by Canon Purvis for the 1951 rediscovery. The director this year is Patrick Garland, the designer Saul Radomsky, with Christopher Timothy (of *TV's All Creatures Great and Small*) leading an amateur cast of hundreds as Nick the Carpenter and Christ.

Much of Mr. Garland's production is based, I gather, on that of Jane Howell in 1976, when three fixed stage areas were introduced, children and animals encouraged to roam through the action, and brass band music (played on Friday night by the Rowntree Mackintosh Works Band) composed by Edward Gregson. There is some exciting choreography of the milling crowds, homogeneity of movement, achieved by staging the crucial Mystery Play idea of various guilds doing their bit from various wagons. Of the 49 plays collected by Canon Purvis in his 1957 edition, 34 are represented, many of them heavily cut.

The performance runs for well over four hours and the story encompasses the Creation (instigated by a somewhat inaudible God high above the eight magnificent abbey arches), the Fall of Adam and Eve, the Immaculate Conception (resulting in a mystified infant being produced under a cart), the Flight into Egypt, the Trial and Crucifixion of Jesus, the Harrowing of Hell, the Resurrection, and Mr. Timothy's ascent into Heaven on a blacked-out crane, that takes him higher even than was God in the beginning.

But most people recognise the York Cycle for the musicality of the verse, its use of still comprehensible Yorkshire dialects and the fusion of those elements in the Shepherd's scene the comic disquisition on Joseph on learning his virgin wife is pregnant, and the rough

comedy of the artisans erecting the cross ("Methinks this cross will not abide/ Nor stand still in this morose way"). There is startling naturalism, too, at the Last Supper, the shaming of Peter and the appearance of the risen saviour before an incredulous Thomas.

With so much going for them, the biggest mystery of all is why Mr. Garland feels it necessary to adorn the plays with such anachronistic effects as a light show on Calvary and the oddly recurring blasts of recorded music which are half-heartedly introduced. The entry to Jerusalem, for instance, is decorated with a snatch of Andrew Lloyd Webber's "Hallelujah, Hallelujah" from *Jesus Christ Superstar*, an aberration which would have been more acceptable if it had been more gloriously indulged. And surely, anyway, the Rowntree Mackintosh could have sucked on the refrain?

Mr. Timothy Christ is very much one of the boys, revelling in the Cycle's sense of play and almost improvising the Lord's Prayer as a turn for the appreciative disciples. Agile and unaffected, there is no mock piety in his washing of the feet, nor are the miracles performed with so much as a knowing twinkle. He manages to be straightforward without being irreverent, and there is real anguish on the Cross as he registers pain and missing in the appropriate proportions. Among the amateurs, I liked very much Drew Wilson as cheerleader and Simon of Cyrene, Harry Bridge as Joseph, and Edna Shann keeping on Calvary as Mary the Mother. A large and appreciative audience contributed an odd sense of Protestant revivalism with their lusty singing at the end of each half, of "Jerusalem" and "All people that on earth do dwell."

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## Sponsors sought for Belfast Proms

The Belfast Promenade Concerts will take place from June 14-28 in the Ulster Hall. They are an innovation on the Northern Ireland musical scene in that the accent is on popularity, informality and youth.

The overall programme has been chosen to give as wide a range of music and performer as possible. The series is being promoted by the leisure services department of the Belfast City Council, which has no cash available to support this venture. Hence, a "break-even" state must be achieved, with no plans to make a profit.

Sponsors are therefore urgently required. In exchange, tribute will be paid in the Proms Prospectus, which will be illustrated by Rowell Friers and have an initial print run of 10,000. There will be no individual programmes printed.

In addition, sponsors will be permitted (even encouraged) to display logos, etc., in the foyer and in the main auditorium.

Beethoven and Chopin to be featured at B & H Festival

Beethoven and Chopin are the chosen composers for this year's Benson and Hedges Music Festival, which will take place at Snape Maltings, Aldeburgh, Suffolk, from September 20 to October 5.

Among the artists who have been engaged for the Festival are Claudio Arrau, Henryk Szeryng, Rudolf Fikseny, Pierre Fournier, Barry Tuckwell and the Gabrieli String Quartet.

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Monday June 9 1980

# Nuclear poker in Europe

PREDICTIONS that 1980 would mark the start of one of the world's most dangerous decades have unfortunately started fulfilling themselves only too quickly. Even before the curtain went up on the 1980s, crises in Iran and Afghanistan identified powder kegs that could explode with the dropping of a lighted match. The threat of a new arms race between the superpowers has come closer with the U.S. Senate's failure to ratify the latest strategic arms limitations treaty (SALT II) and China has successfully tested an intercontinental ballistic missile. With the Camp David peace process faltering and the West Bank Arabs in a state of increasingly open revolt against Israeli occupation, the Middle East is looking more explosive than at any time since the war of October 1973. The U.S. is no longer indisputably the world's foremost strategic power.

## Apprehension

Now there is evidence that the Soviet Union is accelerating the pace of its nuclear build-up against Western Europe — at a time in which the countries of the Western Alliance are deeply split over a wide range of issues and trans-Atlantic divisions are in danger of widening. If U.S. opinion is nostalgic of former glory and moving in the right direction, there is a potential groundswell of opinion in Western Europe that might see salvation in the politics of appeasement. There can be little doubt that the Soviet Union sees an opportunity of luring West European countries, and particularly those on the Continent, out from under the American wing. The carrot of the offer of continuing détente to Western Europe is backed by an increasingly heavy nuclear stick.

The cloud of that stick was pointed out at last week's meeting of the Alliance's Nuclear Planning Group in Northern Norway. According to Mr. Francis Pym, the UK Defence Secretary, the Soviet Union is now installing one sophisticated new SS20 mobile missile every five days on its Western front. With new Backfire bombers also rapidly coming on stream, this gives the Soviet Union the option of delivering a devastating nuclear strike anywhere in Western Europe way behind the lines of the early stages of a conventional, or even tactical nuclear confrontation. The West, as yet, has only rather feeble equivalent weapons, and those are obsolescent.

The reaction of the West has been, with genuine reluctance, to go ahead with plans to

modernise its own long-range European theatre nuclear weapons, while at the same time offering to negotiate limits on them with Moscow. This has put NATO Governments in the superficially paradoxical position of rearming in order to disarm—an apparent contradiction that Moscow has been quick to exploit. The Russians say they will not negotiate until the West suspends its decision—a move that would look attractive to left-wing and anti-nuclear opinion in Europe. But Moscow has refused to consider halting its own deployment of long-range nuclear weapons aimed at Western Europe.

This means that the West has no option but to press ahead with its own planned deployment. If Moscow sees that the West European NATO countries are prepared to abandon rearmament decisions without any equivalent Soviet concessions, then it will see little point in coming to the negotiating table. It will have imposed a right to enjoy nuclear superiority over Western Europe at a time when the Europeans are increasingly coming to doubt the security guarantee provided by the American strategic umbrella.

There are counter-arguments. It is said that there are already more than enough nuclear weapons to give each side an over-kill capacity, that Moscow is not in any case planning to wage a crippling war in Western Europe, and that an American long-range nuclear capability in Europe would encourage the thought that a European nuclear war could be fought without necessarily triggering a strategic exchange between the superpowers.

## Destabilising

None of these arguments are one over-riding question that needs to be satisfactorily answered first. That is: why is Moscow introducing the new weapons and aiming for nuclear superiority in Europe? However much the Kremlin denies it, it has taken the lead in introducing a new destabilising factor into the strategic equation, revealing a gap in the West's defences. What, to put it another way, are the SS20s meant to be used for? At such a dangerous juncture in world history, Europeans are entitled to be seriously concerned. In Norway last week the West Europeans showed few overt signs of weakening to Soviet pressure. But the danger is still there. New arms control negotiations must remain the Western aim. But it is dangerous to sit down at a poker game with the Russians without a sizeable pile of chips.

# A carrot for Ulster

THE GOVERNMENT is likely to take a decision this week on the next stages in the search for constitutional advance in Northern Ireland. It appears that the aim is to continue discussions between the interested parties, but there may also be a time limit. The Government would like to have a commitment to some sort of constitutional change in the Queen's Speech, outlining the main business of the next Parliamentary session, in the Autumn.

## Recession

It will only be possible to make a judgment on the Government's proposals when the green or white paper has been published. Meanwhile, however, there is one aspect of the problem that commands immediate attention and that is the state of the Northern Ireland economy.

The recession is hitting Ulster harder than it is hitting most of the rest of the United Kingdom, as indeed one would expect of an area heavily dependent on old industries. It is true that the picture is not uniform. There have been some notable successes: Short Bros. in the aerospace sector, for example. But, in general, the prospect is one of already high unemployment getting steadily worse. Textile closures seem to be announced almost daily. There is also the problem of the Belfast shipyard Harland and Wolff, which once employed 25,000 people, is now down to around 7,000.

This is a peculiarly difficult issue for a government basically committed to relying on market forces, to reducing state intervention and to phasing out subsidies. Yet the Government does have to ask the question: how run down can the Northern Ireland economy be allowed to become? There is also a political side to it. The chances of any political initiative succeeding may be diminished by the economy falling apart. The economic disincentive of Northern Ireland would only play into the hands of the Provisional IRA.

As it happens, the Government does have opportunities to stop the rot. Harland and Wolff, for instance, is known to be on the short list for tax orders from British Petroleum. In the longer run, the yard will have to become economically viable in its own right. In present circumstances, however, it does not seem unreasonable that the Government should use available financial support to secure the BP order, provided that the terms of assistance are clearly set out.

Again, there is the proposal from Mr. Charles Haughey, the Irish Prime Minister, for greater Anglo-Irish economic co-operation. This is not entirely a new idea, but Mr. Haughey seems to be pressing it harder than his predecessors. What he wants is an Anglo-Irish dimension to the efforts to restore the Ulster economy. There are many areas such as agriculture, energy and tourism where such an approach would make sense. It would make even more sense if it were backed, as it could be, by the European Community. There might also be an end to the increasingly expensive outbidding between north and south and parts of England, Scotland and Wales for multinational investment.

## Progress

Not least, there is the United States. President Carter has offered American aid in the event of an Irish settlement. The trouble is that "settlement" is too strong a word. The best that can be hoped for at present is progress towards it. Even that may be dependent on economic aid now. If the aid is denied, the settlement may prove more elusive than ever. These are the questions which the Government needs to be thinking about besides the constitutional proposals. The politicians in Ulster may want a new Assembly; the people are more likely to be attracted by an economic carrot. Between them, Dublin, London, Europe and the U.S. could provide it.

# The management factor in the insolvency stakes

IN ONE of the fiercest business environments within living memory, British companies are being severely battered. Suffering most are the small and medium-sized operations, whose vulnerability to financial pressures has led to an alarming rise in the number of corporate collapses this year. As a result, insolvency specialists are having one of their busiest periods ever, trying to salvage what they can from the wreckage or stepping in early to try to avert disaster.

The latest company of any size to give up the ghost is Bamfords, the agricultural machinery concern which is going into voluntary liquidation after 18 months of losses. Without more capital, the company could not survive. But for Bamfords, whose products were hit by stiff competition from abroad and weakening demand,

## "Companies should switch to a survival strategy."

MR. M. CRAKER, Midland Bank

there was no assurance that more money would secure its future.

Unlike the early 1970s, the present corporate crisis chiefly affects the manufacturing sector. "In 1974, the collapse was one of confidence in a grossly over-borrowed situation in non-marketable assets like property," says Mr. William Mackay of accountants Ernst and Whinney. He is one of the receivers called in last month at Rivington Reed, another public company which has succumbed to slump conditions. "Now," he adds, "we're dealing with a situation involving people: before, it was a balance sheet situation."

Rivington Reed, in which financier Mr. Graham Ferguson Lacey has a sizeable stake, fell victim to the continuing losses on its carpet side which all the efforts of management had failed to check. It does, however, have several profitable man-made fibre weaving companies and these have been left outside the receivers' scope. Adding to Rivington Reed's burden was the high level of interest rates, now proving the final straw for many companies.

In the first three months of 1980, the 1,488 company failures were nearly 17 per cent higher than a year before (1,275). Included in this was a sharp climb in the number of compulsory liquidations, decided on in court, which were up by 25 per cent to 747.

The figures come from the Department of Trade, and are even more gloomy when adjusted for seasonal variations. On this basis, the first quarter total of 1,460 was the highest

for nearly three years, with compulsory liquidations at an all-time high of 735, or nearly 20 per cent above the same period of last year.

But liquidations, where a company is completely wound up, are not the whole story. As with Rivington Reed, receivers are generally called in by the major clearing banks before the time to intone the last rites has come. With a 34 per cent jump in receiverships in the first quarter to more than 200, insolvency is clearly an expanding industry.

At a rough estimate, for the accountancy profession insolvency work was worth up to £30m in fees last year. As well as liquidations and receiverships, receivers are mainly appointed by lenders, such as banks, with a charge on a company's assets—this also includes "intensive care" or "sick bay" work aimed at putting companies back on their feet before a terminal stage is reached.

At Peat, Marwick, Mitchell, the number of receiverships being handled has grown sharply since October to nearly 50, says Mr. Guy Parsons. Other firms in the insolvency stakes are W. H. Cork Gully, now merged with Coopers and Lybrand, Thornton Baker, Ernst and Whinney, Price Waterhouse, Deloitte Haskins, Touche Ross, Stoy Hayward, and Bernard Phillips, associated with Arthur Andersen.

A receiver's job involves managing an ailing company as well as trying to sell off disposable assets to the highest bidder. Where possible, he will try to keep on as many employees as possible, though redundancies are inevitable and mostly accepted by the trade unions as by that stage.

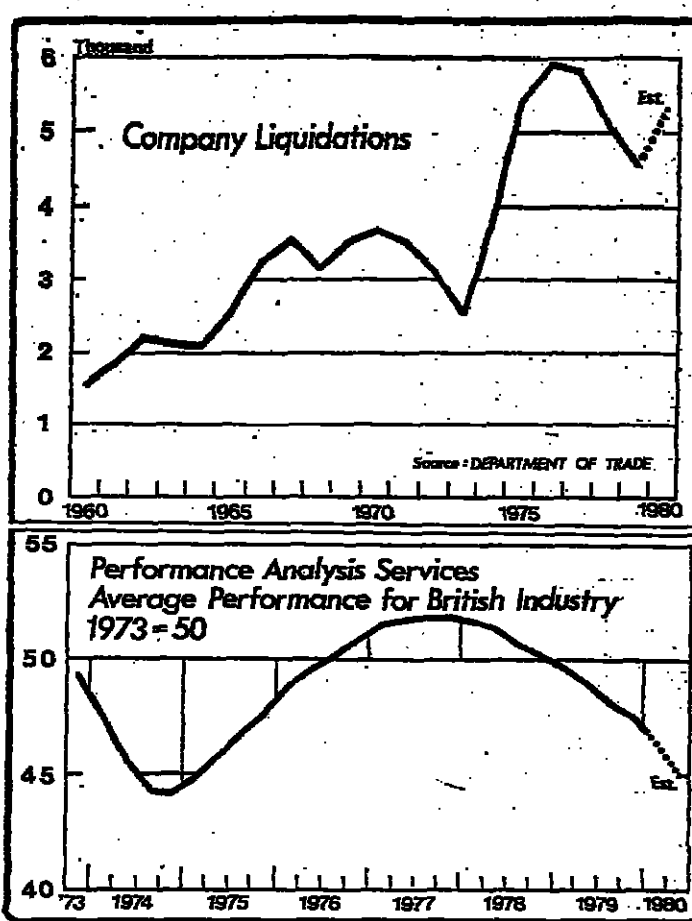
It is generally the banks which call in the receivers, since they have usually been financing the company in question and stand to lose most if it goes under. In the wake of their high profits last year, the banks are sensitive to any charges that they are prepared to put their money before others' jobs. Since the early 1970s, however, they have tended to try to influence companies to turn their backs round, with the aid of specialist accountants, before it is too late.

"Companies should switch to a survival strategy, with the em-

## "Superb management doesn't get caught."

MR. G. PARSONS, Peat Marwick

phasis on liquidity rather than profitability," says Mr. Michael Craker, an assistant general manager of the Midland Bank and heavily involved at the problem end of the corporate sector. "A company can survive if it's liquid, even if it is making losses." It was the Midland



which finally decided to call in the receivers at Dunbee-Comber-Marx, the toy group which foundered on the problems caused by its over-ambitious U.S. expansion.

Dunbee's failure is the largest in the UK so far this year, although domestic activities were not the prime cause of its downfall. At the end of the day, its overall deficiency was just short of £10m. Shareholders, as usual in cases of company collapses, will receive nothing and the decision has now been taken to put the company into liquidation.

Although Dunbee-Comber-Marx is not itself a household name, many of its products are. For the maker of Hornby trains, Scalextric car racing sets, and Pedigree and Sindy dolls, being wound up is the ignominious end to a chain of financial and business miscalculations and ups and downs. The company's main UK assets, however, including the do-it-yourself division, will have no difficulty in finding a new home.

Vulnerable to changing tastes, over-expansion, and fickle changes in the financial climate, the toy industry aptly illustrates the pressures at work on companies throughout British industry. Airfix, for example, is having to resort to the closure of its Meccano factory in Liverpool, while Lesney, the maker of Matchbox toys, has made a number of workers redundant.

Another well-known toy company whose demise occurred this year was Malins, the only maker of steam-powered scale model toys in Britain. After

sinking some £150,000 into the development of the first steam-powered model train to be marketed since the 1930s, it finally had to be put into the hands of the receiver. The high level of sterling had hit exports, while lacklustre Christmas trade added to its financial difficulties.

"We hoped the new product would save us," said Mr. Eric Malins, the son of the company's founder. "But we needed more funds to tide us over." Talks with other companies before the axe fell in March had failed to lead to any solution, he commented at the time. "The pace of change in a company's financial status takes place more rapidly than it did before," notes Mr. Craker. Inflation quickly erodes the true value of a company's profits, while high interest rates put managements into an even tighter financial straitjacket if they have to resort to yet more borrowings to survive.

Many do not last the course, however, and the list of British companies which have failed to adapt to the harsher environment spans all sectors of industry and areas of the country. This year's first major collapse, that of North Sea fabrication company Wilson Walton, partly revolved around an unmet £1.6m claim against Shell UK, with large tax bills increasing the crippling burden. Liquidation was finally decided on as the only way out.

On the same day, E.C. Cases, a Cardiff-based manufacturer of fencing, said it had gone into receivership, citing bad weather and industrial disruption as the main causes of its

difficulties. But the company had also come unstuck over a loss-making acquisition, bearing out the experience of most insolvency experts that management frequently engage in abortive attempts to diversify to get out of trouble.

Other quoted companies forced to go into receivership this year include Fairbairn Lawson, the engineering group, Southern Construction, the civil engineer and equipment hire, South London furniture company B. Ferdinands, and J. Dykes, a Glasgow maker of upholstered furniture. J. E. Sanger, the international meat group, went into voluntary liquidation, partly as a result of the earlier collapse of Gilmore, a Smithfield meat trader.

Sad as the failure of any company must be, it can also prove embarrassing to those who have tried to keep it afloat. When James Meikle, a carpet maker, went into liquidation in April, the Scottish Development Agency saw the failure of its sixth equity investment. Similarly, the Welsh Development Agency was jolted in March when P. Leiner, the gelatine company into which it had sunk £2m, went into receivership.

The financial pitfalls for industry have been well enough outlined: sky-high interest rates; a sterling-dollar rate which soared recently to five-year highs; and rising wage demands. With unemployment on the rise, the effect on purchasing power will inevitably work its way through to the retail sector.

Industrial and commercial companies were wrenched sharply into an overall financial deficit of £4.7bn last year from the small £541m surplus of 1978, and the position is expected to worsen in 1980. The figure, including North Sea companies, represents the money industry has to raise after tax, dividend, investment and stock expenses.

Against this background and in the face of numerous bleak economic and business forecasts, how can companies best survive? "It's a fallacy to think that companies go broke overnight," says Mr. Michael Jordan of Cork Gully, one of whose tasks is the sorting out of Wilson Walton. "A company lives or dies on its cash flow or lack of it."

At the end of the day, he believes, it is inadequate management that lies behind a company's collapse.

"Luck is not really a part of it," adds Mr. Jordan. Echoing this view, Mr. Parsons of Peat Marwick comments: "In every insolvency I've had to deal with, there has always been weak management in some degree or other. Superb management doesn't get caught." He believes that as well as spotting the dangers along the road, managements need to become more adept at communicating with their workforces and

exercising necessary financial disciplines inside the company.

"It is remarkable how good management can see problems coming from a way off," says Mr. Stanley Carlsake, an assistant general manager at Barclays Bank. "Good management is still the best insurance policy for survival." A company only needs to sign one bad contract or suffer one series of costing errors for any financial weaknesses to be badly exposed, warns Mr. George Anger of Stoy Hayward, "in a climate of squeeze and high interest rates, that sort of error can be fatal."

Emphasising companies' increased need for information about customers and suppliers, Dun and Bradstreet, the credit and business information group, reports a 14 per cent increase in credit inquiries early this year, though the pace has since slowed down.

At Trade Indemnity, the credit insurance specialists, debt collection figures were a fifth higher in the first four months, representing a 66 per cent jump in value. Altogether,

## "Just one bad contract can be fatal."

MR. G. AUGER, Stoy Hayward

it has so far been notified of 28 per cent more business failures than last year.

A high proportion of insolvency work is concerned with probing companies' weaknesses and attempting to rectify them before it is too late.

Mr. Richard Taffier of Performance Analysis Services reckons that some 13 per cent of the 850 top quoted manufacturing concerns covered by the company are at risk. By the end of the year, he believes, it will be around 18 per cent, back to the chilling levels of 1974-75.

Of the 200 companies at the lowest end of the PAS scale—determined on the basis of a U.S.-developed formula called the Z-model—the managements of about 70 per cent are uncertain what to do, are taking inappropriate or no action, or are "unaware of the danger signs," he says.

Mr. Taffier claims that the PAS method provides several years' warning that any company is liable to go under.

What's frightening, he asserts, "is the number of companies going down that haven't been spotted." Most insolvency experts and bankers agree with him that matters will get worse, not better, on the insolvency front. "The previous generation of management did not have inflation to deal with," says Mr. Roger Riley, assistant advances manager in National Westminster Bank's domestic division. "They never had to be so financially sophisticated."

# MEN AND MATTERS

## Guiding the punter's hand

Already in danger of drowning in a sea of baffled bewildered House of Fraser shareholders were this weekend doused once again by a stream of circulars and proxy forms. The deluge signalled a heightening of the conflict between the department stores group and attacker Lorrho ahead of the Fraser annual meeting on Thursday week.

Not the least of the shareholders' problems is the proxy card itself, which resembles nothing so much as a football coupon. This is a case, however, where a straight parse of eight resolutions from 15 is not going to scoop the pool. One risk recognised by the defending board is that voters could simply throw up their hands in despair and consign the jumble of coloured literature to a handy receptacle. Yet Lorrho has almost 30 per cent of the shares and will no doubt be careful indeed about how it fills in and delivers its own forms. In these circumstances a card in the WPS could count

almost as a vote for Rowland's raiders.

So Fraser's advisers at Warburtons have carefully marked shareholders' cards by overprinting a dummy duplicate with red arrows and ticks. They considered a transparent covering sheet, but that would have been easy to fill in the wrong box by mistake. Plans to use a Lorrho-type sheet which would only have to be rubbed over to ensure a "correct" voting pattern had to be abandoned for technical reasons.

Meanwhile, Fraser has also switched to new printers after employing the City security printing firm of Greenaways to produce its earlier circular. Greenaways, of course, is owned by Lorrho.

## Blast off

As if they did not have enough potential customers at home, the directors of Job Creation, the title precisely explains the new company's function—the wasting no time in putting out feelers all over the industrialised world.

Only 10 days ago founder Paddy Naylor, with fellow directors Fred Westlake and Peter Hardwick, were working for the British Steel subsidiary BSC (Industry), creating jobs for the victims of the corporation's cut-backs. At the weekend they were tripping over furniture wrappings in their swanky Old Bond Street office, drafting their designs on the sensibilities and budgets of conscience-stricken industrialists in Europe and the U.S.

"You can no longer decimate a community and walk away from it," Naylor says. "Even in the U.S. the big hire-and-fire firms have realised that they cannot work like that any more."

Naylor and his team stand firmly on their record at BSC (Industry) which by December

will have created 18,000 new jobs in only five years. "We will work in Britain or anywhere, French steel companies are obvious and logical potential customers for us. And if you are losing \$50,000 a man in a Gothenburg shipyard, what price our making a job for him?"

Having pioneered the extraction of finance from the European Commission for their previous work, the team will be back in Brussels next week endorsing officials for guarantees of further help in the Common Market at large.

Well connected with and backed by construction firms, management consultants and business development concerns, the trio have been joined by Alan Williams, former Industry Minister. Always more of a practical manager than an ideologist, the politician is more than mere window dressing. "He is an executive director," Westlake tells me, "and when he is not in the Commons he will be in here working." Hardwick, property brain in BSC days is now the "small businesses man."

"Paddy buys the political space we operate in," says Westlake, once a trainee astronaut, "and I am the punter-hunter, although in any other business I'd be the salesman."

## Spirit rules

"The legal definition of whisky is stupid," says Lucien Landau, the Manx-based inventor who, as I mentioned recently, claims to have found a formula for condensing the years-long statutory maturation period into a matter of hours. But the law is still the law. As Ian Combs of the Scotch Whisky Association points out, Landau is not allowed to sell a drop of his brew, Glen Kella, in the UK or the Isle of Man if it contains any spirit which has not been distilled according to regulations governing whisky and matured for at least three years.

"I have no reason to believe that the beverage marketed by Mr. Landau does contain immature spirit," says Combs. Having called the inventor again, neither have I. "I am abiding by the law," he says, adding enigmatically, "for the moment." He is also busy promoting Glen Kella—whatever it is—in the island and abroad, claiming to be negotiating for exports to Brazil where, you may recall, the undisciplined have recently taken to drinking alcohol fuel for cars as a change from the local rum.

## Busy lines

That most secretive of institutions, the Bank of International Settlements, rarely opens its doors to the Press. So for the occasion of its 50th annual jamboree in Basle this week it elected to do things in style. My man on the spot was most impressed by the immaculate accommodation for journalists. But his feelings on sighting the spanking new electric typewriters, pristine pads and ready-sharpened blue and red pencils were somewhat marred when he discovered that a gremlin (or was it a gnome?) had attacked the telephone system.

The message therefore reaches you via the phones on Basle railway station, where harassed scribbles were yesterday scrimmaging with hordes of Turkish and Yugoslav guest workers who take weekly advantage of cheap Sunday tariffs to swap gossip with their faraway families.

## Cheeky boy

Postcard in my local newsagent's window: "Good home wanted for three-month-old tabby. House-trained, full of life and my budgie."

Observer



*'I didn't want to be a burden, but what fool is my pension nowadays?'*

When you've paid into a pension to make yourself self-sufficient in retirement, it is heart-breaking to have to ask for help.

But what else can this gentleman do? He couldn't have foreseen that the pound in his pocket would go on being worthless and less with every year that passes.

People like this deserve our help. People who have stood on their own two feet all their lives. People who have planned and saved for their old age. Inflation is no fault of theirs, yet they suffer for it.

At the DGAA we do all we can to help people like this. They want to stay on in their own homes, so we help with allowances. Only when they can no longer cope do we find them a place in one of our Residential or Nursing Homes.

However we help we do so with tact and sympathy. Because we really do understand. Will you please help us to carry on? With a donation, or a legacy, too, perhaps?

**DISTRESSED GENTLEFOLK'S AID ASSOCIATION**

Vicarage Gate House, Vicarage Gate, Kensington, London W8 4AQ

"Help them grow old with dignity"



"We've had hundreds of telegrams of support... mostly from the French."



Walter Ellis finds Members of the European Parliament dissatisfied with progress over the past 12 months

# Strasbourg's frustrated legislators

CHARLEMAGNE NEVER actually got round to setting up a European Parliament. But if he had, it would probably have been something like the current model in Strasbourg, elected a year ago last week throughout the EEC, a rather important body, peering through the gates of power as a concession to democracy.

Grandiloquence rather than grandeur would seem to be Strasbourg's lot today, and it is apparent by what it feeds on, the assembly should have been a diet of words rather than of power and referrals to committees, sustained for the most part by nationalist greed.

In the last 12 months, little of substance has been achieved. It was widely argued during the election campaign and before that the "legitimacy" of the Parliament would be increased by a popular vote. If millions of citizens could choose whom they wished to represent them, that would add impetus to the quest for political power and bring, admittedly, modest ambitions into the realm of the possible.

The old, nominated Parliament made up of national delegations selected by the main political parties of the Nine, always suffered from the belief that it had the right to decide anything for Europe.

Governments reinforced this obligation self-enforcement—enshrined in the Treaty of Rome—and made sure that Parliament's potential was never developed. Ministers operating within the Community Council jealously guarded their own executive authority, while the governments of Britain, France and Denmark were conscious of the need to retain national sovereignty over matters of importance.

For its part, the European Commission, though benignly disposed towards Strasbourg, was determined to hold on to its unique power to initiate Com-

munity legislation. It alone retains the power to put proposals to the Council. Commissioners felt that any change in this area—though now sought by some Members of the European Parliament (MEPs)—would reduce their own status to little more than that of civil servants with the Midas touch.

Today, despite the same rules and the same basic idea of the Parliament as a consultative body, the position is held to be different. Students of the history of democracy point to the experience of previous assemblies and claim, with all the certainty of Parkinson's law, that parliamentary power expands to fulfil the potential available.

Unfortunately for the community approach, the power potential of the European Par-

liament remains strictly circumscribed by the treaty, and even the hallowed legitimacy conferred by direct elections can only capitalise on what Ministers are ready to concede.

This is not to say that there is no room left for manoeuvre. The trick for MEPs must be to exploit every loophole and plug every gap in the decision-making procedure, hoping that the whole will emerge as greater than the sum of its parts. But such a course of action implies unity—at least on the basic principle that the Parliament must have a legislative function—and unity is something which Strasbourg so far conspicuously lacks.

The elaborate trans-national system of political grouping is something of which members are inordinately proud. In fact, when the chips are down, there are really only two groups present: those who support the idea of an active Parliament, taking its own line, and those whose vote is cast in favour of national sovereignty. Very occasionally, party politics intervenes and threatens to make things lively, but the tendency then is for the "sovereignty" lobby to take fright and draw back from the brink.

Last December, the Parliament was almost overcome by its own euphoria when it rejected the 1980 draft budget sent down from the Council in Brussels. Why it did so is important, for in the unwieldy nature of the coalition which formed to defeat the budget lay the seeds of the tragedy to come.

Parliament, more or less at the urging of the large and vocal British contingent, had at last agreed that too much of the Community's money—some 70 per cent—was being spent on agriculture. It called on the Council to take account of this fact when drawing up the 1980

budget, and members on all sides of the Chamber were accordingly outraged when every suggestion they made on the subject was peremptorily dismissed.

Indignation was the spur to action, and when an eleven-hour attempt at reconciliation by the Council was rebuffed on the grounds of being mere bombast, left, right and centre joined forces in almost frenzied statements of pride and independence. Significantly, the French of all parties voted in favour of the Council budget, but for the rest it was their finest hour.

In the months that followed, the mood of the assembly was that of an uncertain adolescent who has committed a spectacular first sin and is then prey to attacks of fear and guilt. For the British there was the dilemma of having initiated a move that might lead to an increase in the Parliament's powers—to which they are mostly opposed. But at least they were pursuing a firm policy and were anxious to keep up the momentum. No so the others.

Gradually, as the significance of what they had done sank in and the effect of an absent budget made itself felt throughout agriculture and other sectors, members slipped in their resolve. Indignation came to appear as nothing but pique, and by May the faithful were ready to repent. Led by Mr. Pieter Dankert, the Dutch socialist who had orchestrated the revolt, Europe's representatives voted to overturn their decision of December. Indeed, they went far further: they expressed willingness to accept farm price rises more than twice as high as the Commission had first proposed.

Even if Council officials now note more carefully the contents of reports on sheepmeat, frozen fish, the European Monetary System, rear lights

and EEC postage stamps whether they will actually lead to changes in policy is to be doubted. The MEP's industry is astounding, their seriousness indisputable; the effects, how-

ever, well, perhaps it is early days.

Members of the European Parliament, of course, lead a disorientated way of life, apparently designed to leave them too tired to conduct serious business.

A member for a Scottish or Sicilian constituency, for example, has to travel hundreds of miles to London or Rome to discuss matters with his colleagues. Committee meetings, of which each member attends three or four a month—are mostly held in Brussels, while plenary sessions are in Stras-

bourg. The permanent secretariat is located in Luxembourg. Both Strasbourg and Luxembourg are unusually difficult to get to, and members from remote areas spend much of their year in motion, living out of a suitcase.

Mrs. Barbara Castle, leader of the British Labour delegation, deplores the peripatetic nature of her new Euro-life, which follows more than a quarter of a century in Westminster and Whitehall. "The frustration is enormous," she says. "I spend a large part of my life going from hotel to hotel by aircraft. In Strasbourg, we have no proper office facilities and no division bells. I can't even leave messages for colleagues and know they will be seen. Everything has to be translated into six languages. Dividing our time between three centres is a farce. We ought to move to Brussels and be done with it."

The reason Mrs. Castle—and the great majority of her parliamentary colleagues—do not get their way and move to Brussels is simple enough. President Giscard d'Estaing of France, ably assisted by M. Pierre Fassin, the Mayor of Strasbourg, is determined that France should host a major EEC institution, regardless of cost and inconvenience. Everyone in France agrees, and that, for the moment, seems to be an end to it.

The Luxembourg connection is equally vexing. Luxembourg is ensured a share of the Community's institutions under the Treaty of Rome. The Government has built a new Parliamentary building even bigger than the Strasbourg spaceport and desperately hopes for regular sessions. In the meantime, the Luxembourg-based staff commutes—with all their tonnes of documentation and translation equipment—to Brussels and Strasbourg.

Frau Beate Weber, a West German Socialist from Heidel-

berg, worries that the work of the Parliament is very little understood outside Strasbourg. "In Germany, the media are unaware of what we do here and it is difficult to get ideas through. People are prejudiced against us." She is depressed by the climb-down over the budget but sees hope for the future in the Commission's need for a strong ally against the "tyranny" of the Council. "Now there are two European institutions against one national body, and the two of us must work together to change the direction of the Community."

British Conservative members—there are 62, against 17 from the Labour Party—have

thing of importance. Like the French they fight defiantly for their country against all odds, but unlike their Gallic counterparts they are doing much to make the assembly a real Parliament by forcing it to take a point of view.

The Labour delegation struggles manfully against its national conscience to work for the formation of a sort of European of the Left. Very often, the conflict is painfully clear, and usually its perceived duty to British interests triumphs.

Barring accidents, the present Parliament should continue until June 1983, when fresh elections will be held possibly with Britain applying proportional representation. It will be interesting to see how many of the current crop of MEPs stand for re-election. The "big names" who stood last time have proved a disappointment. Willy Brandt rarely puts in an appearance; Georges Marchais swaggers in sporadically, like a bandit, to harangue everyone; François Mitterrand resigned his seat a week after the elections, and Jacques Chirac threw in the towel last month after making no contribution worth recording.

Few of the other members were previously full-time politicians, and their lack of professionalism shows even now. But some have proved themselves to be dedicated and keen to learn and could end up as a formidable Community pressure group. Knee-deep in air-tickets, documents and Teach Yourself French, they have no set working place and no coherent idea of where they are going politically. They face a strong fifth column of anti-Marketers among their colleagues—if they are not actually members of it—and, if they are British, they do it all for the same wage as a Westminster MP plus expenses. International playboys they are not.



WILLY BRANDT  
Rarely puts in an appearance.



BARBARA CASTLE  
Flying from hotel to hotel.



GEORGES MARCHAIS  
Swaggers in, like a bandit.

## Letters to the Editor

### Musical cuts at the BBC

From the Managing Director, BBC Radio.

Sir,—With great interest I read your leading article of June 5. It may indeed be a rare occasion when the Financial Times, in its role of a dispassionate industrial analyst, it is therefore not surprising when it tips over itself in the process.

You say after criticising our action in effecting economies by disbanding orchestras: "None of this implies that the BBC's orchestras, or indeed its other 'cultural' activities, should be preserved in their present form at all costs, or that the BBC must inevitably remain overwhelmingly the most misdirected sponsor of classical music in Britain." There is a case for reducing the number of full-time musicians employed by the BBC. But this does not mean that the BBC orchestras should be disbanded; while the BBC may have too many orchestras, a glut of orchestras is certainly not something that the music lovers of Britain's regions would complain of.

Quite right! But are the music lovers of Britain's regions prepared to pay for their pleasures? One does not exactly see them rushing forward with financial support for the disbanded orchestras. At the same time it is frequently forgotten that the BBC spends 40 times as much on a Radio 3 listener as on a Radio 1 listener.

In the light of this dispute it is fashionable on the part of those outside it to airily dismiss the half million pounds' savings achieved by disbanding the five orchestras as "chicken feed." It is not. It represents nearly a third of Radio 3's airtime, to Radio 3's programme budget "above the line" allocation.

You advocate making cuts elsewhere in the organisation. Are you not aware that all departments in the BBC are making cuts ranging from 3 to 18 per cent? The £500,000 cut in live orchestral music represents an 8 per cent cut.

In structuring these economies the BBC has guaranteed expenditure on music in those regions affected by orchestral disbandment. This will ensure employment for many of the musicians from the disbanded orchestras. Indeed, 30 per cent more money is available for the employment of freelance musicians.

You should be aware that we have already encouraged industrial sponsorship of two of the orchestras scheduled for disbandment. In Scotland there is some support forthcoming while in Northern Ireland there has already been offers of industrial sponsorship from Gallahers. On our part we too have offered money guaranteeing partial support of these two outside over-

cent of the revenue derived from the record companies' needletime levies on the broadcasters. This sum is growing at the rate of £500,000 a year. In one case Mr. Morton, the general secretary of the Musicians' Union, says "during the 1960s the fund had been very usefully used—£14,000 (which, of course, is worth a much larger sum now, one might suppose. It is worth something like £80,000) had prevented the Royal Philharmonic Orchestra from going out of existence."

There is another telling quote which needs bringing to your notice. Mr. Bateson, the counsel for the AIRC, had this to say, "Let me just pause for a moment and say this. The BBC Scottish Orchestra which is one of the best recent creations is in real trouble. If the Musicians' Union's present sinking fund were invested at current rates the income from that would support that orchestra effectively and easily for an indefinite period of time, and others as well, but it is not being done and it is not being done because this payment to the Musicians' Union is not a payment for the benefit of anybody but the union which retains it." It may well be time for the union to consider supporting some orchestras and running them economically using the profits to pay for this support.

Finally, you suggest long term consultation between the BBC and other arts sponsors as one of the answers. We have been consulting for years. The writer of your editorial is knowledgeable enough to know that in 1969 and 1970 we went through the same agonising reappraisal about our orchestras. At this time we were assured in the House by John Stonehouse himself that the licence fee would be adjusted to take account of the house orchestras. It didn't. We were encouraged to have long discussions with the Arts Council about subsidy of our orchestras. We did but no subsidy was forthcoming. In these matters we cease to be lulled by spurious promises and facile suggestions. The reality is that in a country beset by economic turmoil the cultural life must be diminished. Even so, six orchestras (three symphonic and three light), a total of 340 players, will remain. Some £6m a year will be spent on live music—£3m on the house orchestras and £2m on employment of freelance and ad hoc groupings.

Aubrey Singer,  
Broadcasting House, W1.

### Irreplaceable secretaries

From Miss S. E. R. Stuart

Sir,—I have been following with interest the correspondence you have been running under the heading "Irreplaceable Secretaries," and while reluctant to add to this, I feel I must refute the allegations in Mr. David Fisher's letter to you (June 3), particularly in view of the emotive phraseology in which he has indulged.

The confusion between secretaries and word processing staff seems to be his, rather than the secretaries, and I can assure him that secretaries do not feel that the new machines are "impersonal and rather be-

neath them." On the contrary, secretaries (and surely Mr. Fisher is better placed than most to know the distinction between "secretaries" and "shorthand typists") welcome such new technology. We realise that this kind of innovation relieves the executive secretary of a great deal of the drudgery often associated with our work and will give us the opportunity of providing our bosses with the kind of assistance they require to make the most effective use of their time.

In my own organisation, for instance, which comprises secretaries in all fields of industry, Government and commerce, so enthusiastic are we about such new technology that the theme of our annual conference to be held in Paris in September this year is to be "The Electronic Office."

Mr. Fisher's idea that bosses may lack the courage to insist that their secretaries learn these new skills would be laughable if it were not so insulting to the intelligence and management ability of the men who employ us. And certainly secretaries do not feel "superior" to those who will become word processor operators. They are entitled to be paid well and adequately for the job they do, but their skills are different to those of the professional secretary (whether or not she is called upon to use a word processor) and their salary structure should not be considered to be "one and indivisible."

S. E. R. Stuart,  
PR Officer, UK,  
European Association of  
Professional Secretaries,  
15, Salisbury Court,  
St. Andrew's Square,  
Surrey.

From Mr. J. N. Chapple

Sir,—The emotive letter by David Fisher, Covent Garden Bureau's MD, printed in your issue June 3 obscures an important point about word processing and secretaries, with which your readers may not be aware. It can easily take longer to correct and turnaround correspondence and memos using W/P equipment than with an ordinary electric typewriter, even when an experienced W/P operator is involved. Thus managers and secretaries are often the target of much misdirected selling of such machinery as the modern word processor.

The following trivial example shows how time consuming it is to use a word processor to make a trivial alteration to a letter: To add a comma missing from a letter involves the following steps: load a floppy disc, initialise it, search for the letter on it, move the cursor to the edit position required, enter the comma, update the original copy of the letter, print the letter. Letterhead is assumed to be in the machine, ready. The same task can be accomplished in about one-quarter of the time on an electric typewriter. Clearly the case for a word processor becomes progressively better, the more extensive the complexity of alterations and the more pristine the required quality of top copy.

Many managers' requirements are for and of day proof-checking, correcting and issuing of folders of short letters and memos, all done in a short burst of combined manager/secretary activity as near the end of the

day as possible. In this situation, word processors become a slow, frustrating irrelevance to what is currently often a sick double act between two people carried out inefficiently. Where the act often falls down is when the secretary's English standard or feeling for layout and form design is poor. There is no reason to suppose that a word processing operator is likely to be any better possessed of such skills. Incidentally, can someone explain why Secretarial Colleges seem unwilling or unable to turn out people who can draw simple forms with straight, vertical and horizontal lines?

J. N. Chapple,  
42, Wimbledon Park Road,  
SW18.

### The truth about oil

From the Director General, United Kingdom Petroleum Industry Association.

Sir,—Ray Dafter "Public Illusions About Energy" (June 4) poses the question "Can you believe what the oil companies tell you?" and declares that "from the general public's point of view" the answer is in the negative.

Leaving aside the doubtful proposition that the general public has any single view about anything, it is clearly important to know what exactly the oil companies are supposed to be telling the general public.

In terms of recent historical fact, of present performance and of future investment commitments, the oil companies who are members of this Association, supplying more than 90 per cent of the UK market, are explicitly dedicated to the provision of transportation fuels and petrochemical feedstocks for as long as supplies of crude oil are procurable and to the provision of middle distillates and fuel oils to the extent they are not replaced by coal, nuclear or other substitutes. In this context, the general public may safely believe what the oil companies are saying.

In the field of future projections, all oil companies have undoubtedly made estimates in order to provide some kind of planning basis and a few have published their forecasts. But although such estimates are prepared with care and upon assumptions deemed defensible, there is clearly room for debate, and the companies themselves would certainly not claim any special prescience or capacity for influencing the outputs of other energy sectors. In this context, the general public will obviously make judgements about the credibility of what the oil companies are saying.

Meanwhile, oil remains the marginal, swing source of energy, and in an increasingly complex international oil trading situation the task of meeting that requirement is foremost among oil company objectives. In that endeavour they will value the support and understanding of all sectors of the community. Certainly they would gain nothing by fostering illusions or the kind of deliberate obscurantism suggested by Ray Dafter.

Douglas Harvey,  
9, Kingsway, WC2.

## Today's Events

### GENERAL

UK: Lord Carrington, Foreign Minister, inaugurates Commonwealth Press Union annual conference, Marlborough House.

Mr. Roy Jenkins, European Commission president, speaks at Parliamentary Press Gallery lunch, House of Commons.

Mr. Joe Gormley, National Union of Mineworkers president, meets Sir Derek Ezra, National Coal Board chairman, to discuss suggested Welsh mine closures.

Sir Peter Gadsden, Lord Mayor of London, opens Guild of Aviation Artists exhibition, Qantas Gallery, Piccadilly; takes

salute at HAC march past, Mansion House; dines with Company of Chartered Accountants in England and Wales, Mansion House.

European two-day seminar on international financing in the coming year, Savoy Hotel, London.

Overseas: EEC Finance Ministers meet in Luxembourg.

EEC Social Affairs Council meets, Luxembourg.

Organisation of Petroleum Exporting Countries (OPEC) oil

ministers meet to discuss prices, Algiers.

Bank for International Settlements annual report and meeting, Basle.

International Machine Tool exhibition opens, Zagreb (to June 14).

PARLIAMENTARY BUSINESS  
House of Commons: Health Services Bill, remaining stages.

House of Lords: Housing Bill, second reading.

Export of Goods (Control) (Iran Sanctions) Order.

Select Committees: Public

Accounts. Subject: Tobacco duty. Carry-over of funds at end of financial year. Witnesses: Customs and Excise. Department of Transport. Room 16, 4.45 pm.

Treasury. Subject: Efficiency of Civil Service. Witnesses: Civil Service Department. Room 15, 5.30 pm.

OFFICIAL STATISTICS  
Wholesale price index numbers (May—provisional). Retail sales (April—final). Hire purchase and other instalment credit business (April). Housing starts and completions (April).

COMPANY MEETINGS  
See Financial Diary on page 25.

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Bank of Boston is one of the top ten US international banks. It has branches and affiliates in 43 countries. It's one of the oldest continuously chartered banks in America, older even than Barclays, Midland, NatWest and Lloyds. And it's been going strong for 58 years in the United Kingdom.

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Contact: Chris Howe at The First National Bank of Boston, Bank of Boston House, 5 Cheapside, London EC2P 2DE. Tel: 01-236 2388. Telex: 885125.



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# Charterhouse pays £13m for U.S. textile concern

BY ANDREW FISHER

CHARTERHOUSE GROUP, which is extending its U.S. interests through the \$50.5m (£13m) purchase of a North Carolina textile company, expects to announce a further deal in the shipping services sector this week.

The British investment and banking group is buying most of the assets of PRF Corporation, a bedroom and bathroom textiles company, shares of which are traded in the U.S. on the over-the-counter market.

The acquisition follows Charterhouse's entry into the U.S. textile field earlier this year with the purchase of a 40 per cent stake in Carleton Woolen Mills, based in Maine.

Carleton, which accounts for around 8 per cent of U.S. woolen fabric output, is also the country's leading maker of billiard cloth. The stake was taken by the UK group's development capital subsidiary, Charterhouse Group International.

"We are going through the textile industry looking for niches," said Mr. Philip Behr, the chairman of Charterhouse Japhet North America, part of the group's merchant banking

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim:—Durban Roadports Deep, East Rand Proprietary Mines.  
Final:—Associated British Foods, Blyvooruitzicht Gold Mining, N. Brown, Cattyas, Great Portland Estates, W. L. Penson.

There would probably also be a European partner included in the deal, though he declined to mention details. He described the U.S. marine company as

## BOARD MEETINGS

**FUTURE DATES**  
Interim:—  
Granite ..... Jun. 26  
Paseo Castano and Wharfedale ..... Jun. 26  
Kershaw (A.) ..... Jul. 14  
Rank Organisation ..... Jul. 14  
Final:—  
Amber Industrial ..... Jun. 12  
Brickhouse Dudley ..... Jun. 26  
Ferrand ..... Jun. 26  
Highgate and Job ..... Jun. 13  
James (Maurice) ..... Jun. 18  
Mansfield Brewery ..... Jun. 12  
Property & Reversionary Invest. ..... Jun. 17  
Staveley Industries ..... Jun. 12  
"The Times" Vaneeer ..... Jun. 12  
Tranwood ..... Jun. 18

"one of the largest in the business."  
In the UK, Charterhouse is currently engaged in an agreed £43m takeover bid for Keyser Ullmann, the merchant bank.

## FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:—  
Kennedy Brookes (Section: Hotels)  
Lancaster (D. M.) (Leisure).

# Pentos in takeover mood after new capital injection

Pentos will be on the look-out for suitable takeover opportunities in the publishing and engineering sectors following the agreed injection of some £4m of new capital from British and U.S. investment interests, said Mr. Terry Maher, chairman of the diversified industrial company.

"I believe that opportunities in the next two years will be very exciting and perhaps even better than in the 1974-75 period," he said at the weekend. The extra capital would enable Pentos to reduce its borrowings and develop more financial muscle, he added.

The bulk of the new capital—£3.6m in shares and loan stock—is being subscribed by Westpool Investment Trust and the Rayne Foundation in the first deal agreed by them since the recent reorganisation of property interests, which also involve the S. Pearson industrial, finance and publishing group.

Westpool and the Rayne Foundation have agreed to subscribe for £3.6m worth of ordinary shares (£4m), deferred ordinary (1.1m), and 13 per cent convertible unsecured loan stock 1990 (£1.1m) in Pentos.

Weiss Peck and Greer, a U.S. investment banking house, is to put up \$400,000 for 640,000 ordinary shares and 177,777 deferred. Mr. Philip Greer, a non-executive director of Pentos, is a partner in Weiss Peck.

The ordinary and deferred shares are being issued at 50p and 45p respectively, levels that were rather left behind in a small burst of speculative buying on Friday when they closed at 56p, up 9p, and 49p, up 3p.

Westpool and Rayne will end up with just over 10 per cent of Pentos, or 13 per cent on full loan stock conversion. "It is more attractive than a rights issue," said Mr. Maher of the proposed share issue. Lord Rayne has funds in the U.S. managed by Weiss Peck through which he came to know Pentos, he added.

The 1979 accounts of the Crown Agents for Overseas Governments and Administrations shows that the deficit on the account covering the Agents' property and fringe banking loans has shrunk from the £203.6m of 1978 to £17.9m.

The main contributor to the recovery is the Government which absolved the Agents from an obligation to repay a £175m grant, allowing the money to be taken into reserves. Further contributions came from the release of provisions made against Australian property loans and dollar premium liabilities.

The rump of the Agents' forays into fringe finance is contained in a realisation account, distinct from the operating account which covers current trading. The majority of situations in the realisation account were, static through the year under the attention of receivers and liquidators.

But rising rents in Sydney and Melbourne led to useful property revaluations which helped the realisation revenue

# Crown Agents showing more positive trend

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But rising rents in Sydney and Melbourne led to useful property revaluations which helped the realisation revenue

account along to a £10.7m surplus for the year.

The operating account shows a pre-tax profit of £224,000 for 1979, against the previous year's £1.55m. The Agents' policy is to break even, but Mr. Sidney Eburne, chairman and chief agent, warns that action has to be taken this year to avoid slumping into loss.

Accordingly, the Agent is raising its fees for the first time in four years and negotiating charges tailored to individual customers. The group is aiming to cut budgeted costs by 10 per cent in the current year. Part of this will come from an early retirement scheme for senior staff, for which £740,000 has been provided.

A current cost accounting statement of operating account revenue shows that the £24,000 historic profit turns into a £1.9m loss after adjusting for inflation.

Money held on deposit with the Agents—predominantly governments and public institutions in the developing world—shrank from £313m to £179m. But this is largely due to the transferring of money not immedi-

ately required for trading into the Agents' money-management services.

The Agents place clients' funds in short-term financial markets for a fee, and was handling £20m at year-end. The Agents managed international aid totalling £1.4m, including £367m disbursed by the British Government.

Developments within the group included the establishment of a Health Care Services division, which draws together procurement of drugs, staff, equipment and buildings. The Agents is also furthering expertise in renewable energy sources including wave energy programme in the South Pacific.

On January 1 this year, the Crown Agents was incorporated by Act of Parliament. It had previously been an office of the Crown, though not a department of government. The move has no effect on trading.

The realisation account has been incorporated as the Crown Agents' Holding and Realisation Board.

# Brook Street hopes for better overseas result

CONDITIONS IN the current year, particularly in the second half, will be less buoyant for Brook Street Bureau of Mayfair than they were in 1979, Mr. Eric Hurst, joint chairman, says in his annual statement.

However, any impact of a weak economy will, he hopes, be lessened by better results from abroad and by the reduced charges against revenue resulting from the expected completion in July of the 18-month programme of computerisation and refurbishment.

The current year has started well in the U.S., while another profitable period is expected from the Hong Kong branch. The Australian subsidiaries returned to profits in 1979 after three years of losses.

A high degree of liquidity allows a flexible programme of expansion to be pursued whether it be by way of acquisition, the opening of new branches or the creation of further divisions specialising in particular categories of staff, the chairman says.

He believes the group is better placed than the majority of the sector of its industry to take advantage of any opportunities that occur.

Pre-tax profits fell from £427,833 to £389,110 in the year to January 31, 1980, as reported

on May 29. However, the dividend is being raised from an adjusted 1.38p to 2.16p and the directors expect that this level will be at least maintained for the current year.

The chairman says that first quarter sales at R. Coggins and Sons, the industrial and sports footwear manufacturing subsidiary, showed a marked increase over the same period last year. He expects satisfactory full-time results.

A further improvement in profit levels is anticipated from Simlam, the sports and footwear distributing offshoot.

Meeting, 12a Upper Berkeley Street, W, June 27, 11 am.

Investment income excluding long-term operations rose by 20 per cent to £11.8m materially assisted by higher yields on cash and bonds. Directors have increased the bond holding and decreased equity investments during the year, and they expect this pattern to continue.

The opportunity has also been taken to rationalise the capital structure of the group and it is planned that Excess Insurance Group will have an issued and paid up capital of £20m, Excess Insurance Company, £15m and

# Excess Insurance tops £7m

PRE-TAX PROFITS of the Excess Insurance Group jumped from £1.69m to £7.19m in 1979 while net profits were £3.6m, against £1.65m. However the outlook for 1980 is not too encouraging, Mr. R. A. Barberis, chairman, tells shareholders.

The forecast is for little real economic growth in the UK while there is still strong competition in the insurance market. In the U.S., the current downturn in the underwriting cycle is expected to continue, the chairman states.

The group is continuing to improve its statistical information base and this together with forecasting and underwriting techniques will help Excess to keep pace with changing market conditions.

Written premium income in sterling terms increased by 6 per cent in 1979 and allowing for the impact of exchange rates, the underlying growth was 9 per cent.

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The opportunity has also been taken to rationalise the capital structure of the group and it is planned that Excess Insurance Group will have an issued and paid up capital of £20m, Excess Insurance Company, £15m and

London and Edinburgh General Insurance Company, £3m. Total capital and surplus available in group companies at year-end is £36.6m. Insurance funds as a percentage of written premium, increased from 133 per cent to 144 per cent.

Conditions for most London market classes of business again reflected the surplus of capacity and inadequate rating of long tail liability coverages.

The treaty reinsurance account, as expected, fell marginally as a result of stronger world wide competition and declining profit margins, particularly in the U.S. Underwriting profit was lower than the previous year.

The home foreign casualty and contractors accounts were both profitable, reflecting more controlled underwriting of recent years.

In UK operations further encouraging progress was achieved in the development of commercial property and liability business, notwithstanding intense competition and little growth in the economy.

Personal accident achieved significant growth while UK motor and homeowners results recovered well.

In marine, a small profit was realised from 1977 and earlier underwriting years. However, performance in subsequent years continued to give much cause for concern and the 1979 underwriting year has undoubtedly been a most difficult period for insurers with peace-

time shipping losses reaching unprecedented levels. Excessive reinsurance capacity lowered premium rates, which in turn caused a further poor year for the aviation insurance market, but overseas operations reported improving results.

At the end of the year directors transferred the life company to the parent company—ITC Hartford Europe. This company will be under the direction of Abbey Life.

SPAIN

1980	1979	June 8	Price
High	Low		%
228	203	Banco Bilbao	210
228	217	Banco Central	228
220	203	Banco Exterior	210
228	200	Banco Hispano	210
137	122	Banco Ind. Cat.	122
175	141	Banco Madrid	141
237	227	Banco Santander	227
150	140	Banco Urquijo	150
238	208	Banco Vizcaya	218
208	200	Banco Zaragoza	200
108	75	Dragados	80
62	58	Espanola Zinc	61
55.2	52.2	Petrobras	52.2
40	24	Gal. Fracidos	29.5
67.2	66.7	Hidroele	67
64.1	57.5	Iberdruem	64.5
120	100.7	Petroluim	107.5
73	59	Petrolium	64
115	107	Sogefia	107
57	57.5	Telcel	56
67.5	68.2	Union Ectra	64.5

**WORLDWIDE FUND LIMITED**  
Net Asset Value per \$1 share as at 30th May, 1980: \$19.57  
A commodity futures trading fund.



## ABERTHAW CEMENT

Extracts from the Chairman's statement at the Annual General Meeting held on 6th June, 1980.

- ★ Strong recovery in second half of 1979.
- ★ Scheme for conversion to coal firing now completed and kilns operating satisfactorily.
- ★ Encouraging start to 1980.

	1979 £000	1978 £000
Turnover	26,152	21,064
Profit before Taxation	1,001	1,246
Taxation	(260)	199
Profit after Taxation	1,261	1,047
Earnings per Share	32.12p	26.61p
Total Dividend per Share	8.4381p	7.5457p

Copies of the Report and Accounts may be obtained from The Secretary, Aberthaw and Bristol Channel Portland Cement Company Limited, Beynon House, Mount Stuart Square, Cardiff CF1 6DR.

# Headlam Sims using asset strength to fight imports

IT IS important that Headlam, Sims and Coggins, footwear manufacturer and distributor, uses its strong asset base to continue to search for new methods, points of sale and sources of supply to counter the effects of cheap imports and the high level of inflation, says Mr. A. H. Coggins, chairman, in his annual statement.

He believes the group is better placed than the majority of the sector of its industry to take advantage of any opportunities that occur.

Pre-tax profits fell from £427,833 to £389,110 in the year to January 31, 1980, as reported

on May 29. However, the dividend is being raised from an adjusted 1.38p to 2.16p and the directors expect that this level will be at least maintained for the current year.

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208	200	Banco Zaragoza	200
108	75	Dragados	80
62	58	Espanola Zinc	61
55.2	52.2	Petrobras	52.2
40	24	Gal. Fracidos	29.5
67.2	66.7	Hidroele	67
64.1	57.5	Iberdruem	64.5
120	100.7	Petroluim	107.5
73	59	Petrolium	64
115	107	Sogefia	107
57	57.5	Telcel	56
67.5	68.2	Union Ectra	64.5

**WORLDWIDE FUND LIMITED**  
Net Asset Value per \$1 share as at 30th May, 1980: \$19.57  
A commodity futures trading fund.

April 1980

# FLEXIBILITY

Why are so many international industrial companies struggling for survival instead of growth? Because when change came they weren't ready for it.

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On view at our newly opened offices,  
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Entrance in Laurence Pountney Hill, Tues. 10th June—

Thurs. 26th June, 11 a.m.—4 p.m.

(Monday—Friday) Artists are: Daniel Vazquez-Diaz,

Ricardo Baroja, Jose Gutierrez Solana,

Ignacio Zuloaga, Dario de Regoyos.

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BANCO DE BILBAO

GENERAL MANAGEMENT INTERNATIONAL, ALCAZAR, MADRID, SPAIN.

## M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980's	Company	Last	Change	Gross	Yield	P/E
capitalised		price	on	water	Div (p)	
3,584	Airspan	62	+2	10.8	—	—
800	Armitage and Rhodes	32	-2	3.8	11.9	5.71
8,707	Bardon Hill	285	+5	13.8	4.8	8.41
780	County Cars 10.7% P.F.	78	—	15.3	19.8	—
6,282	Deborah Ord	91	-2	8.0	5.5	10.0
4,387	Frank Horrell	117	-6	7.9	6.7	7.3
13,291	Frederick Parker	52	-4	12.8	13.9	4.21
2,214	George Blair	104	-2	16.5	15.9	—
1,875	Jackson Group	75	+2	10.0	8.0	2.51
14,354	James Burrough	104	-1	7.2	6.9	8.1
3,080	Robert Jenkin	300	—	31.3	10.4	8.81
3,431	Torday	223	-2	14.3	6.4	5.81
2,885	Twinlock Ord	131	-1	0.8	8.2	2.81
2,075	Twinlock 12% ULS	76	+2	12.0	15.8	—
6,258	Unilock Holdings	48	—	2.6	6.4	10.2
580	Unilock Holdings New	45	—	—	—	—
11,387	Walter Alexander	80	-2	4.4	4.8	8.0
4,901	W. S. Yeates	210	—	12.1	5.8	3.41

† Accounts prepared under provisions of SSAP 15.

## FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 27.6.80.

Terms (years) 3 4 5 6 7 8 9 10



## INTERNATIONAL CAPITAL MARKETS

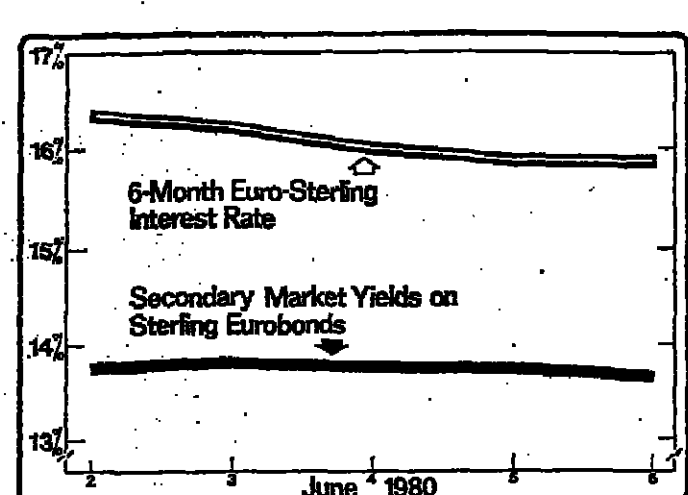
## Two coups for the Eurobond market

WITH THE dollar Eurobond market in a splendid shape, the World Bank made its long-awaited debut with the announcement of an issue to raise \$300m for seven years. The coupon is to be 101 per cent.

Mr. George, called this "an aggressive offer" and Mr. Hans Jørgen Røed of CSFB said candidly that he was anticipating the market in making the move. So the EIB put its Yankee on ice, together with a \$100m, 20-year financing it was arranging at the same time. With the market moving the way it is, Mr. George decided he could wait. By the end of the week the EIB Euro-issue was already trading in the pre-market at a discount comfortably less than the selling concession.

Both the EIB and the World Bank were probably helped in their move to the Eurobond market by the fact that the domestic dollar bond market already had its hands full with a flood of prime new issues (see U.S. Bonds).

Another coup for the international dollar bond market over its U.S. counterpart was Credit Suisse First Boston's lightning "gambit" of a \$100m eight-year financing which the European Investment Bank was



be priced at the current going rate.

The strength of the dollar sector—prices were up by 11 points over the week—made it certain that the Eurodollar bond for IBM (Canada) was a sell out at its coupon of 101 per cent for five years. So Morgan Guaranty limited got off to a good start: this was the first deal it had managed.

Meanwhile, the coupon of Hudson's Bay Company \$50m issue was cut by 1 point to 111 and speculation was mounting that the coupon on the forth-

coming Pemex tap issue might also be cut or that the initial tranche would be raised from the projected \$75m.

Behind the firmness of the dollar market on Friday was news that unemployment jumped in the U.S. while whole-sale prices are declining, but much of the buying continued to come from U.S. based investors.

The Swiss franc foreign bond sector closed the week on a quiet note. Prices were virtually unchanged on the day but up 1 point on the week.

The show of strength in the dollar sector made a rather overwhelming background for the Eurosterling FRN from Lloyds Bank. This \$50m issue had a rather lukewarm reception and was quoted in the grey market at a rather shabby minus 1-1/2 while the Scandinavian Bank Eurosterling FRN was quoted at a mid-price of 97 1/2 on Friday afternoon.

DM foreign bond prices also moved sharply ahead on Friday in sympathy with the lower interest rate trend for dollars. Prices gained 1 point on the day, though their gain on the week was limited to 1 point.

Dealers reported a rather hesitant reception for South Africa's DM 120m seven-year 9 per cent bonds. The issue marks the country's first public operation on the bond market since 1975 and investors are still somewhat wary of this borrower because of the political risks involved. None the less the response to the issue was described as "encouraging" by lead manager Deutsche Bank.

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## CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
Kingdom of Sweden	100	1990	10	13.09	100	Salomon Bros.	11.750
Kingdom of Sweden	100	2000	20	13.09	100	Salomon Bros.	11.750
EIB	100	1988	8	13	100	Merrill Lynch	11.750
EIB	100	2000	20	13	100	Merrill Lynch	11.750
Pemex	75	1988	6.73	11 1/2	100	Wood, Gundy, Morgan	11.750
IBM Canada	50	1985	5	10 1/2	100	Guaranty, Salomon	10.500
Hudson's Bay Co.	50	1990	10	11 1/2	100	Bank of Montreal	11.750
EIB	100	1988	8	11	100	CSFB	11.750
SOFT (pooled STET)	50	1990	7	6 1/2	100	Sumitomo Fin. Intl.	6.604
Swiss Bank Corp O'scan	100	1990	10	6 1/2	100	SBC	6.750
(Panama) Corp.	300	1987	10	10 1/2	100	Paribas	11.750
World Bank	300	1987	10	10 1/2	100	Paribas	11.750
D-MARKS							
Finland NV	50	1987	7	8 1/2	100	Deutsche Bank	8.875
Banco Nacional	150	1988	8	9 1/2	99 1/2	Commerzbank	9.342
Desenvolvimento	120	1987	7	9	100	Deutsche Bank	9.000
Republic of S. Africa	120	1987	7	9	100	Deutsche Bank	9.000
FRENCH FRANCS							
SNCF (pooled France)	550	1985	5	12 1/2	100	CCF	11.750
SWISS FRANCS							
Asian Development Bk.	60	1990	10	6 1/2	100	Credit Suisse	6.250
Central Finance Co. of Japan (pooled)	30	1985	5	6 1/2	100	Morgan Grenfell (Swiss)	6.219
Tokai Bank	40	1982	5	6 1/2	100	Bank von Ernst	6.250
Tyco Int. Fin. NV	30	1990	10	6 1/2	100	UBS	5.932
Sekisui Prefab Homes	80	1986	5	5 1/2	100	UBS	5.750
Transocean Pipelines	100	1986	5	5 1/2	100	UBS	5.750
STERLING							
Lloyds Eurofinance NV	50	1990	10	8 1/2	100	Lloyds Bank Intl.	8.160
LUXEMBOURG FRANCS							
Invest. Bank	250	1988	6 1/2	11 1/2	100	Kreditbank (Luxemb.)	11.250
FN International	500	1985	5	12 1/2	100	Paribas (Luxemb.)	12.250
YEN							
Finland	150m	1987	6	8 1/2	100	Daiwa Securities	8.875

\* Not yet priced. † Final terms. \*\* Placement. † Floating rate note. ‡ Minimum. § Convertible. ¶ Registered with U.S. Securities and Exchange Commission. † Purchase Fund. † Temporarily delayed. Note: Yields are calculated on AIBD basis.

## CREDITS

## Argentine bank raises a jumbo loan

BANCO DE LA NACION Argentina is raising a \$500m credit from international banks on very favorable terms. The margin has been set at 1 per cent throughout the credit's five-year life.

A management group was being formed at the end of last week with Morgan Guaranty acting as agent. The terms of the loan are a split spread of 1/4 per cent on the latest Argentine borrowing, which is a \$70m, 10-year transaction for Aerolineas Argentinas.

Because of the difference in maturities, it is hard to judge whether the terms on the Banco de la Nacion deal actually represent a softening of terms for Argentinian borrowers. But they do underline: once more, the high credit standing at present enjoyed by the country in international capital markets.

Banco de la Nacion is a state-owned bank, but the transaction does not bear any official guarantee from the republic. The terms bring its rating close to those of the republic itself, which obtained a similar spread on a six-year, \$250m bullet transaction signed early this year.

Besides this deal and the \$130m financing for Aerolineas announced late last week, there are a number of other large deals in the pipeline which are beginning to swell the volume of activity in the credit markets.

Denmark, for example, is expected to decide today on a \$500m, eight-year credit. According to bankers close to the borrower in Copenhagen, the bank has been shortlisted for the mandate by the Th. authorities, but final conditions have yet to be fixed.

Thailand's last deal, a \$100m, eight-year credit with a margin of 1/2 per cent throughout

managed by Societe Generale, did not fare particularly well in the market place as bankers believed the proceeds were for military purposes.

Meanwhile, the \$200m credit being raised by Czechoslovakia's Foreign Trade Bank does not seem to have broken the ice on lending to Eastern Europe as far as U.S. banks are concerned.

The deal has been fully underwritten, but no U.S. banks are participating. Managers are Lloyds Bank International, Creditanstalt-Bankverein, Credit Lyonnais and Deutsche Bank. Some Arab and Japanese interest in the deal is reported.

Last week also saw the relatively rare phenomenon of a Dutch corporate borrower in the medium-term market. European Banking Co. Ltd. said it

had been mandated, together with Bank Mees en Hope, to raise \$50m on a club basis for Verenigde Nederlandse Uitgeverij, a leading publisher in the Netherlands and Belgium.

Maturity is seven years, with three grace, and the spread is 1 per cent for the first three years and 1 per cent thereafter. The front end fees amount to 1 per cent flat. EBC is running the books and Banque Europeenne de Credit will act as agent.

Following news of Enher's 10-year, \$75m credit with its spread, the City of Madrid is expected to tap the credit market for \$100m with a guarantee from the Instituto de Credito Oficial. Involvement in this deal is expected to come predominantly from Spanish banks and the terms are unlikely to be quite as fine as those on Enher's credit.

## U.S. BONDS

## BY DAVID LASCELLES

## Scramble to catch high yields

CONFOUNDING widespread predictions of a "rebound" or a "consolidation," the U.S. credit markets maintained their extraordinary advance last week, absorbing another huge volume of corporate and government issues, and helping to bring interest rates to new lows for this stage of the cycle.

At the present pace, June's new issue calendar could come close to the record \$60n issued in May.

The thirst for long-term credit reflects, of course, the pent-up needs that were uncorked by the record decline in interest rates in the last eight weeks. But the market has also been impressed by the strength of demand for bonds which evidently arises from investors' eagerness to lock into double digit yields while they are still available. The word "panic" may be a bit too strong, but investors have clearly been taken completely by surprise by the speed with which rates have

fallen, and are now scrambling to catch up.

A hint of the speed with which they must move came on Wednesday when Coca-Cola successfully launched the first bond issue in nine months carrying less than 10 per cent yield: 9.914 per cent. Actually, this is Coca-Cola's first such foray into the credit markets, so it was able to command a special price: regular borrowers (including the U.S. Treasury) are still paying over 10 per cent. But these yields compare with 18 per cent or more only two months ago.

The shift into long-term money has contributed to the sharp decline in short-term rates: three-month Treasury bills pierced the 7.50 per cent level last week, and the key Fed funds rate came its closest to setting a weekly average of 10 per cent.

The credit markets got a lot of encouragement from the economic backdrop, with unemployment soaring and inflation apparently falling off

## U.S. INTEREST RATES

	Week to Week	June 8	May 30
3-mth. Treas. Bills	7.38	7.71	7.71
3-mth. Cert. of Dep.	8.80	8.85	8.85
Fed. Funds whly. av.	10.40	10.76	10.76
Trans. 30-y. Bond	10.05	10.28	10.28
Long-term AAA utility	11.00	11.38	11.38
Long-term AA industri	10.38	10.63	10.63

Source: Salomon Bros. estimates.

## FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR							Change on							BONDATE INDEX AND YIELD													
							Issued							Medium term							Long term						
							Bid							Offer							Day week Yield						
							Bid							Offer							Day week Yield						
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## Companies and Markets

# WORLD STOCK MARKETS

**NEW YORK**

1986		Low		Stock		June 6		High		Low		Stock		June 6	
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
43 1/2	27 1/2	ACF Industries.....	53	15	46	36	Columbia Gas.....	59 1/4	2	46	27 1/2	Columbia Pict.....	28 1/4	2	46
43 1/2	11 1/2	AMC.....	15	15	65 1/2	47 1/2	Com. Ins. Am.....	27 1/4	1	65 1/2	Com. Ins. Am.....	27 1/4	1	65 1/2	Com. Ins. Am.....
19 1/2	15	AMF.....	17 1/2	15	23 1/2	17 1/2	Combust. Eng.....	8 1/2	1	23 1/2	Combust. Equip.....	8 1/2	1	23 1/2	Combust. Equip.....
58 1/2	37 1/2	ARA.....	45 1/2	42	18 1/2	18 1/2	Conwest Edison.....	5 1/2	1	18 1/2	Conwest Edison.....	5 1/2	1	18 1/2	Conwest Edison.....
58 1/2	37 1/2	AVX Corp.....	26 1/2	26 1/2	42	18 1/2	Compugraphic.....	19 1/4	5	42	Compugraphic.....	19 1/4	5	42	Compugraphic.....
54 1/2	54 1/2	Alberta Labs.....	39 1/2	39 1/2	11	11	CIG.....	2 1/2	10	39 1/2	CIG.....	2 1/2	10	39 1/2	CIG.....
53 1/2	19	Adobe Clave.....	25	25	40 1/2	31 1/2	Comp. Science.....	20 1/2	2	40 1/2	Comp. Science.....	20 1/2	2	40 1/2	Comp. Science.....
53 1/2	28 1/2	Adobe Life & Gas.....	39 1/4	39 1/4	25 1/2	25 1/2	Comp. Mfg.....	1 1/4	1	25 1/2	Comp. Mfg.....	1 1/4	1	25 1/2	Comp. Mfg.....
23 1/2	15	Almanac.....	36	36	28 1/2	28 1/2	Con Gen Ins.....	57 1/2	1	28 1/2	Con Gen Ins.....	57 1/2	1	28 1/2	Con Gen Ins.....
42 1/2	28 1/2	Am Prod & Chem.....	36 1/2	36 1/2	57 1/2	41 1/2	Conoco.....	50 1/2	1	57 1/2	Conoco.....	50 1/2	1	57 1/2	Conoco.....
53 1/2	25 1/2	Albion.....	10 1/2	10 1/2	24 1/2	24 1/2	Cons Edis.....	24 1/2	1	24 1/2	Cons Edis.....	24 1/2	1	24 1/2	Cons Edis.....
53 1/2	25 1/2	Albion.....	10 1/2	10 1/2	24 1/2	24 1/2	Cons Edis.....	24 1/2	1	24 1/2	Cons Edis.....	24 1/2	1	24 1/2	Cons Edis.....
10 1/2	7 1/2	Alberto-Cliv.....	9 1/2	9 1/2	28 1/2	20	Cons Edis.....	23 1/2	2	28 1/2	Cons Edis.....	23 1/2	2	28 1/2	Cons Edis.....
28 1/2	14 1/2	Albertson's.....	20 1/2	20 1/2	45 1/2	35 1/2	Cons Freight.....	22 1/2	1	45 1/2	Cons Freight.....	22 1/2	1	45 1/2	Cons Freight.....
31 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
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28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
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28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
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28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1/2	Alcan Aluminum.....	27 1/2	27 1/2	20	15 1/2	Consumer Power.....	19	1	20	Consumer Power.....	19	1	20	Consumer Power.....
28 1/2	25 1														

1980

	Low	Stock	High	Low	Stock	High		
44	44	St. Alb. Pac. Tex	51	58 1/2	59 1/2	Met. Petroleum	51 1/2	120 1/2
45	45	St. Gas. Pac.	15 1/4	22 1/4	23 1/4	Met. Petroleum	51 1/2	120 1/2
46	46	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
47	47	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
48	48	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
49	49	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
50	50	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
51	51	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
52	52	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
53	53	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
54	54	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
55	55	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
56	56	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
57	57	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
58	58	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
59	59	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
60	60	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
61	61	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
62	62	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
63	63	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
64	64	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
65	65	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
66	66	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
67	67	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
68	68	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
69	69	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
70	70	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
71	71	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
72	72	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
73	73	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
74	74	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
75	75	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
76	76	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
77	77	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
78	78	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
79	79	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
80	80	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
81	81	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
82	82	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
83	83	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
84	84	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2
85	85	St. Mtn. Neokosa	24 1/4	74	50 1/4	Met. Petroleum	51 1/2	120 1/2

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[illegible]

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Indices	W	Y	O	R	K	S	T	R	O	S	T	R												
—DOW JONES																								
1980																								
High					Low			Since Compil't'n																
June 5	June 6	June 7	June 8	June 9	May 30	June 5	June 6	June 7	June 8	June 9	May 30	June 5												
303.84	303.84	303.84	303.84	303.84	303.84	303.84	303.84	303.84	303.84	303.84	303.84	303.84												
113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)	113(2)												
74.91	74.91	74.91	74.91	74.91	74.91	74.91	74.91	74.91	74.91	74.91	74.91	74.91												
50.11	50.11	50.11	50.11	50.11	50.11	50.11	50.11	50.11	50.11	50.11	50.11	50.11												
306.80	306.80	306.80	306.80	306.80	306.80	306.80	306.80	306.80	306.80	306.80	306.80	306.80												
(187)	(187)	(187)	(187)	(187)	(187)	(187)	(187)	(187)	(187)	(187)	(187)	(187)												
116.48	116.48	116.48	116.48	116.48	116.48	116.48	116.48	116.48	116.48	116.48	116.48	116.48												
(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)												
27,536	27,536	27,536	27,536	27,536	27,536	27,536	27,536	27,536	27,536	27,536	27,536	27,536												
8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44	8,070.44												
180.53	180.53	180.53	180.53	180.53	180.53	180.53	180.53	180.53	180.53	180.53	180.53	180.53												
16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32												
34,828	34,828	34,828	34,828	34,828	34,828	34,828	34,828	34,828	34,828	34,828	34,828	34,828												
high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06	high 857.06												
low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07	low 555.07												
1980																								
May 30					May 23			Year ago (approx)																
June 5	June 6	June 7	June 8	June 9	May 30	June 5	June 6	June 7	June 8	June 9	May 30	June 5												
6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19												
7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10												
6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80												
6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16												
1980																								
High					Low			Since Compil't'n																
June 5	June 6	June 7	June 8	June 9	May 30	June 5	June 6	June 7	June 8	June 9	May 30	June 5												
127.87	127.87	126.91	126.78	126.84	126.83	126.90	127.47	111.08	114.64	255.52	126.83	127.87												
116.28	116.28	116.78	116.61	116.75	116.71	116.71	116.47	(127/7)	114.86	(8/12)	116.28	116.28												
								(15/2)	115.2	(11/17)	116.28	116.28												
1980																								
June 4					May 28			Year ago (approx)																
June 5	June 6	June 7	June 8	June 9	May 30	June 5	June 6	June 7	June 8	June 9	May 30	June 5												
5.28	5.28	5.30	5.53	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28												
7.52	7.52	7.77	7.45	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58												
10.11	10.11	10.15	10.36	10.36	10.36	10.36	10.36	10.36	10.36	10.36	10.36	10.36												
1980																								
Rises and Falls					June 5			June 4																
June 5	June 6	June 7	June 8	June 9	June 5	June 6	June 7	June 8	June 9	June 5	June 6	June 7												
Issues Traded.....	1,998	1,992	1,990	1,990	1,998	1,992	1,990	1,990	1,990	1,998	1,992	1,990												
Issues.....	908	932	932	932	908	932	932	932	932	908	932	932												
Falls.....	508	580	580	580	508	580	580	580	580	508	580	580												
Unchanged.....	424	562	582	582	424	562	582	582	582	424	562	582												
New Highs.....		76	80	80		76	80	80	80		76	80												
New Lows.....		4	5	5		4	5	5	5		4	5												
1980																								
High					Low			Since Compil't'n																
June 5	June 6	June 7	June 8	June 9	May 30	June 5	June 6	June 7	June 8	June 9	May 30	June 5												
885.84	885.84	885.84	885.84	885.84	885.84	885.84	885.84	885.84	885.84	885.84	885.84	885.84												
242.76	242.76	242.76	242.76	242.76	242.76	242.76	242.76	242.76	242.76	242.76	242.76	242.76												
510.30	510.30	510.30	510.30	510.30	510.30	510.30	510.30	510.30	510.30	510.30	510.30	510.30												
398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80												
200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00												
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00												
50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00												
25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00												
12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50												
6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25												
3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12												
1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56												
0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78												
0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39												
0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19												
0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09												
0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04												
0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02												
0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00												
0.00	0.00	0.00	0.00	0.00	0																			

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	1980				High	Low
	June 6	June 5	June 3	June 3		
Ord. (1958/88)	872.71	875.18	886.82	888.21	847.47 (14/2)	768.06 (21/1)
Alinta (1859/88)	8543.56	8518.76	8481.27	8554.48	8980.05 (14/2)	4881.25 (28/5)
en (21/82)	57.11	(c)	57.22	57.82	59.48 (7/1)	57.22 (4/8)
(31/12/83)	90.88	90.88	95.84	95.74	106.75 (17/2)	88.14 (21/8)
SE (1/1/78)	78.78	(c)	78.57	78.18	85.74 (2/1)	74.78 (5/8)
(29/12/78)	108.82	108.8	108.8	108.7	117.88 (22/8)	87.91 (8/1)
oe (28/12/78)	108.82	108.4	108.8	108.7	117.88 (13/2)	85.96 (2/1)
51/15/88	254.45	(c)	233.81	224.16	238.39 (29/2)	212.78 (28/8)
ical (Dec. 1982)	720.80	(c)	722.5	725.7	740.2 (35/2)	647.8 (27/8)
neral (1878)	85.8	85.8	84.4	84.4	87.8 (11/2)	74.8 (27/8)
Just. (1878)	85.8	85.8	85.8	85.8	88.2 (11/1)	58.2 (28/8)
Bank (197/84)	551.76	925.49	908.87	888.23	953.17 (15/2)	728.8 (18/8)
nt. Ital (1872)	88.55	87.78	87.87	87.18	88.55 (6/5)	85.11 (2/1)
(15/6/89)	6814.5	6821.24	6787.85	6835.18	6930.81 (25/4)	6475.88 (77/8)
(4/11/80)	484.61	484.01	484.12	484.94	472.55 (14/2)	448.31 (1/8)
(2)	152.28	182.81	170.39	129.81	144.78 (14/2)	110.12 (28/8)
(1888)	529.51	529.51	529.58	529.46	530.81 (8/8)	429.75 (5/1)
SA	529.7	(u)	515.7	505.5	551.9 (2/8)	565.8 (4/1)
(50)	524.8	(u)	517.5	515.5	551.9 (2/8)	458.9 (28/1)
(1/12/78)	58.18	(c)	57.57	57.59	102.28 (21/2)	35.75 (15/5)
(1/1/86)	87.11	870.38	870.38	870.18	885.98 (8/2)	834.75 (17/1)
(5/12/85)	234.5	234.5	235.5	235.4	517.5 (11/2)	234.2 (22/4)
(1/1/79)	128.8	—	133.5	128.4	145.8 (12/2)	120.5 (27/8)

all of all indices are 100 except NYSE All Companies—50; Standard and Toronto—1,000; the last named based on 1975. † Excluding Industrials. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 40 Closed, or Unavailable.

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## FINANCIAL TIMES SURVEY

Monday June 9 1980

## Northern Ireland

## Another chance for peace

By Stewart Dalby

THE Northern Ireland Office has been preoccupied with politics since the Conservative Government came to power just over a year ago, and details of the long-awaited White or Green Paper on political devolution in the province should be released very shortly.

There is no telling at this stage whether the Government's efforts will succeed in unlocking the political impasse, but success in this field could have an important bearing on Northern Ireland's economic problems.

The Secretary of State, Mr. Humphrey Atkins, does not seem fascinated by security or military affairs as was his predecessor, Mr. Roy Mason, and government thinking appears to be that a political "solution" in the province, which, in local terms, is under-governed, could help solve the dire economic situation.

Its industries are old and

This scheme would not have a power-sharing executive and the common expectation would be that the Rev. Ian Paisley, leader of the Democratic Unionist Party electoral party, would emerge as Prime Minister. This would be because of his massive electoral support in last year's European Parliament elections as well as the British General Election.

Mr. Paisley probably would come to power by forming a coalition with other Unionist Parties. The position of the official Unionists with whom he is at loggerheads—but which with five Westminster seats is still the largest unionist party—is unclear.

The official Unionists did not participate in the 34 months of political talks at Stormont which formed the basis of the Northern Ireland offices original ideas. They could well boycott any elections which might be held.

Under the assumed Atkins plan, the interests of the 500,000 Roman Catholic minority would have been looked after by weighted majorities in any assembly elected.

It now seems, however, that the special Cabinet committee headed by Mr. William Whitelaw, the Home Secretary, who is a former Northern Ireland Secretary of State, has vetoed the majority rule idea.

## Suggestion

The widespread expectation is that when the White or Green paper is published—probably towards the end of June—it will be a consultative document containing a number of proposals. One suggestion thought to be in the draft proposals is that there would be Cabinet based on majority rule but linked to a council of the assembly. This would consist of a number of chairmen of committees. The most important committee would be one with control over finance, and would be headed by a Catholic.

Whatever the government's proposals, there is a severe question mark hanging over

More moves towards a political solution of the troubles offer renewed hope, but there is no telling whether the Government's efforts will unlock the impasse. Efforts to back industry and provide jobs continue, but an influx of new industries is needed desperately to replace declining ones. Yet, remarkably, some sectors, among them agriculture, are doing reasonably well.

whether Mr. John Hume, leader of the Social Democratic and Labour party, the main Catholic moderate group, could accept any scheme which brings Mr. Paisley to power.

Mr. Hume's party once experienced power-sharing in the short-lived 1974 executive. To settle for anything less now would seem to compromise the SDLP's nationalist position.

More than this, the SDLP, under Mr. Hume, who took over from Mr. Gerry Fitt late last year, has seemed to become "greener" or more Republican. Mr. Hume has been espousing views similar to those enunciated by Mr. Charles Haughey, the Republic of Ireland's Prime Minister, and the Irish dimension.

Put simply, this states: Any internal solution cannot work. The problem is the existence of the state itself and a start must be made to bring about reunification of the two parts of Ireland by peaceful means.

When he took over from Mr. Jack Lynch as Eire's Prime Minister last December, Mr. Haughey had the reputation of being a tough Republican. This was because of his involvement in an arms trial in 1970. He was acquitted but lost his job as Finance Minister.

Since he became Premier, however, Mr. Haughey has been markedly moderate. He has tried to reassure Protestants and point out the advantages of some kind of union with Ireland. He has even hinted at changing the Irish constitution so that Protestants would not feel a persecuted minority in a federated Ireland. He realises



A solution to the Northern Ireland problem would create a new life for children like these, pictured against the Bogside in Belfast

that the process of winning over Protestants will take a long time.

To hear Mr. Paisley, it will take forever. He says that the Protestant community wants nothing to do with Ireland, not now or at any time, even if Ireland changes its constitution.

Opinion polls and Mr. Paisley's electoral triumphs firmly suggest that the vast majority of Protestants, and arguably a good number of Catholics, want the union with Britain maintained.

The Protestants have fiercely resisted any attempt to push them into closer liaison with Ireland, at the ballot box and occasionally by force.

Mrs. Thatcher appears to accept completely the Unionist

position and has said on numerous occasions that the British guarantee that Northern Ireland will remain part of the UK so long as the majority wish it, will be continued.

Mrs. Thatcher's view clearly is that if there is to be political progress it is going to be of the internal variety.

Assuming therefore, that Mr. Hume, and Mr. Haughey can accept for the moment that the Irish dimension is on the back burner but some time within the next four years a political solution will be either economic problems.

In itself a political "solution"

will not end the violence nor will it haul Northern Ireland out of the economic pit into which it has sunk, but it could help in both areas.

The military conflict has become one dimensional in that the violent Republican groups, the Provisional IRA and the Irish Liberation Army (ILA), are pitched against the security forces. There are 12,500 British soldiers including the local Ulster Defence Regiment, which has 900 part-timers and full-timers. The Royal Ulster Constabulary is having its strength boosted from 6,500 to 7,500. The UDR and the RIC are made up mostly of Protestants. But the Protestant para-military groups like the Ulster Defence Association (which is legal) and the Ulster Volunteer Force (which is proscribed) are largely quiet, although a backlash can never be discounted as they are effective at mobilising quickly.

The Provisional IRA was formed in 1970 out of the sectarian violence which erupted in 1969. This in turn arose through civil rights agitation by Catholics. From being a defensive force however, the Provisionals have since taken over the Republican banner and have gone over to the offensive. They, like the ILA, which is a smaller organisation and more recently formed want nothing less than a 32-county Ireland. Any internal settlement is meaningless to them and will not stop their violent campaigns.

The bloody street battles and rampant sectarian murders of the early 1970s have largely subsided, and the violence has

changed character. The professionals have reorganised, and the violence has changed character. The Provisionals have reorganised into a cellular structure with probably about 500 cadres in active service units. The targets now are soldiers or economic centres. The Provos are no less deadly for their reorganisation.

Bombings seem to be down recently, partly perhaps, because of the arms haul in the Republic arising from the closer co-operation between the security forces and Ireland arranged after the murder of Lord Mountbatten last August.

But hardly a day goes by in Northern Ireland without a report of some terrorist killing. The Province appears less chaotic, partly because the murders are less reported (and one suspects because the violence is harder to televise). A complete return to normality will not take place while the Provisionals and ILA continue, but in the sense of widespread, almost total disruption to economic and social life, the province is less violent.

## Resources

This is important restoring the economy. Northern Ireland would qualify as a depressed area with or without the terrorism. Its industries are declining ones such as shipbuilding, textiles and some engineering. It has no natural resources, and its imported oil puts up energy costs. Per capita income at £2,300 is now the lowest in Britain and about to be overtaken by the Republic, traditionally its poor relation.

Unemployment at 12 per cent is twice the UK average and this could rise further this year as the big employers like Harland and Wolff, the shipbuilders and Courtaulds, the textiles concern, lay off more workers.

New foreign investment would seem to be the only way to revitalise Ulster economy; and after several years of no new projects at all, companies, attracted by massive subsidies

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have started to invest. The rate of new projects needs to be stepped up, however, if the unemployment rate is to fall.

Political progress could be helpful in this process. Northern Ireland, or the criterion of Britain, is undergoverned. Since the fully devolved Protestant dominated Stormont assembly was abrogated in 1972, the Province has been run by a very powerful Secretary of State. There has been no layer of government between him and the virtually powerless 26 district councils. There has often been a rapid turnover of civil servants, and a lack of continuity in some areas of government.

It is worth bearing in mind that the current troubles recurred in 1969 because of civil rights grievances, even if the violence subsequently became based on something else. If the Government finds a form of devolution which gives the minority its due political rights, while not frightening the Protestants that they are about to be pushed into the Republic, then some of the reasons for the violence will disappear and possibly the violence itself will evaporate, at least in the medium term.

This, in turn, would help the province in terms of reviving the economy. But formulas for satisfying both communities politically, even in the limited internal way, are easy to imagine. As the past 60 years since Northern Ireland became a State has shown, they are virtually impossible to achieve.

# NEW GENERAL MOTORS PLANT CROWNS PERIOD OF 20-FOLD INCREASE IN OUTSIDE INVESTMENT.

After less than two years experience of Northern Ireland, General Motors, the world's largest manufacturing company, is to expand its existing \$20m. plant and will also open a second factory here.

Using Northern Ireland's existing automotive and textile skills, the two plants will produce seat belts, door latches, window regulators and other components for the entire range of General Motors cars built in Europe.

## "SUPREME VOTE OF CONFIDENCE"

Announcing these plans, Parliamentary Under-Secretary of State Mr. Giles Shaw MP described them as a "supreme vote of confidence in Northern Ireland."

"It is even more significant," he continued, "when you consider that GM's decision to expand here was taken even before the initial operation, announced in 1978, was in full production."

For their part, General Motors said: "We have been impressed by the people we have already hired and it makes good business sense to expand our operation here."

## NEWSURGE OF INVESTMENT

As well as those of General Motors, new manufacturing projects have been announced by fourteen other international companies within the last two years.

These include investments from Scandinavia and Britain as well as, from the USA, AVX, DeLorean, Ipco Hospital Supply, Clabir, Hyster, LFE, ARMCO, American Monitor and Learavia.

Between them these projects represent a total investment of £200 million. They should provide over 8,300 new jobs in the Province.

The will—and the skill—to work is shared by the vast majority of people in Northern Ireland. This, as General Motors and other recognise, is the best investment guarantee you can look for.

What's more, Northern Ireland offers what an independent survey concluded to be: "overall, the best package of incentives in the EEC."

We can give you full details, answer any questions, put you in touch with existing investors in Northern Ireland, and arrange a visit for you. Just get in touch.

**NORTHERN IRELAND:  
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## NORTHERN IRELAND

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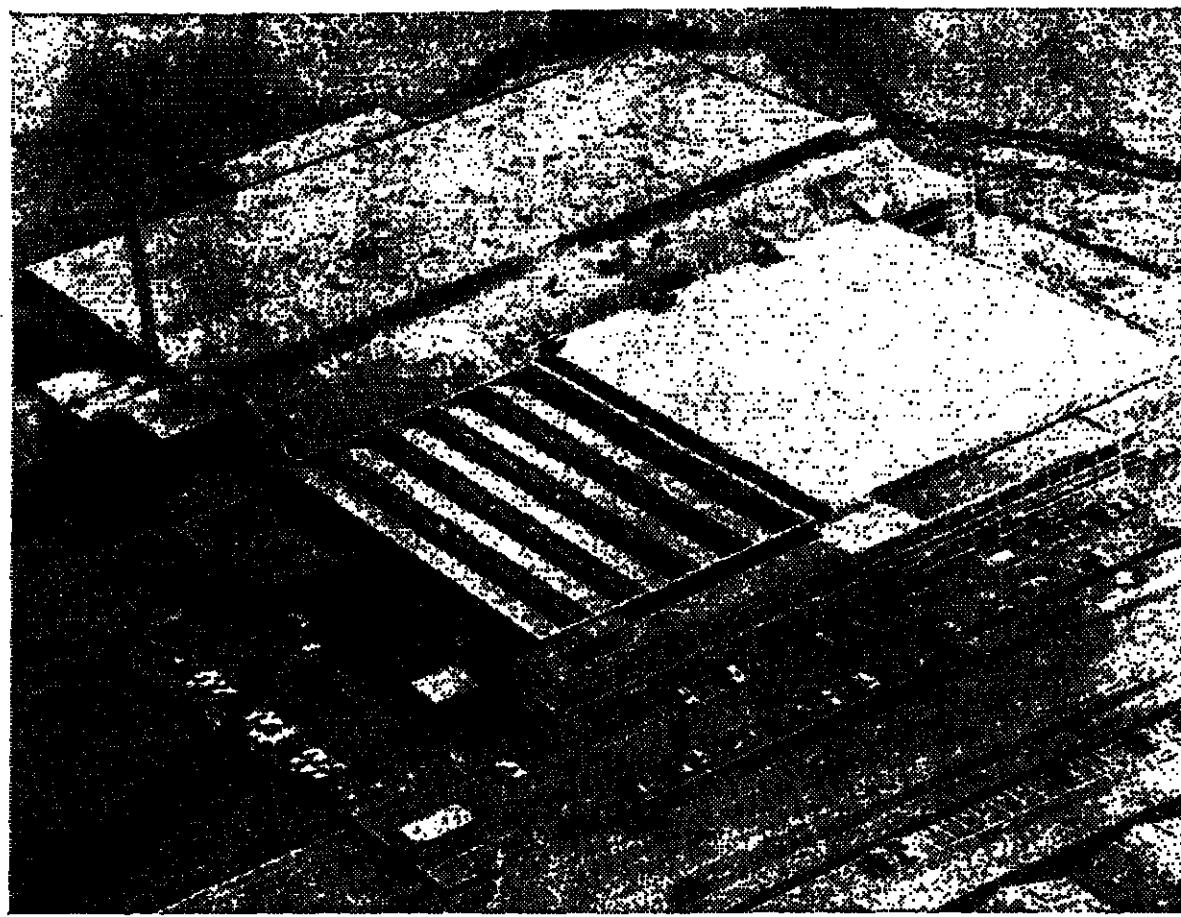
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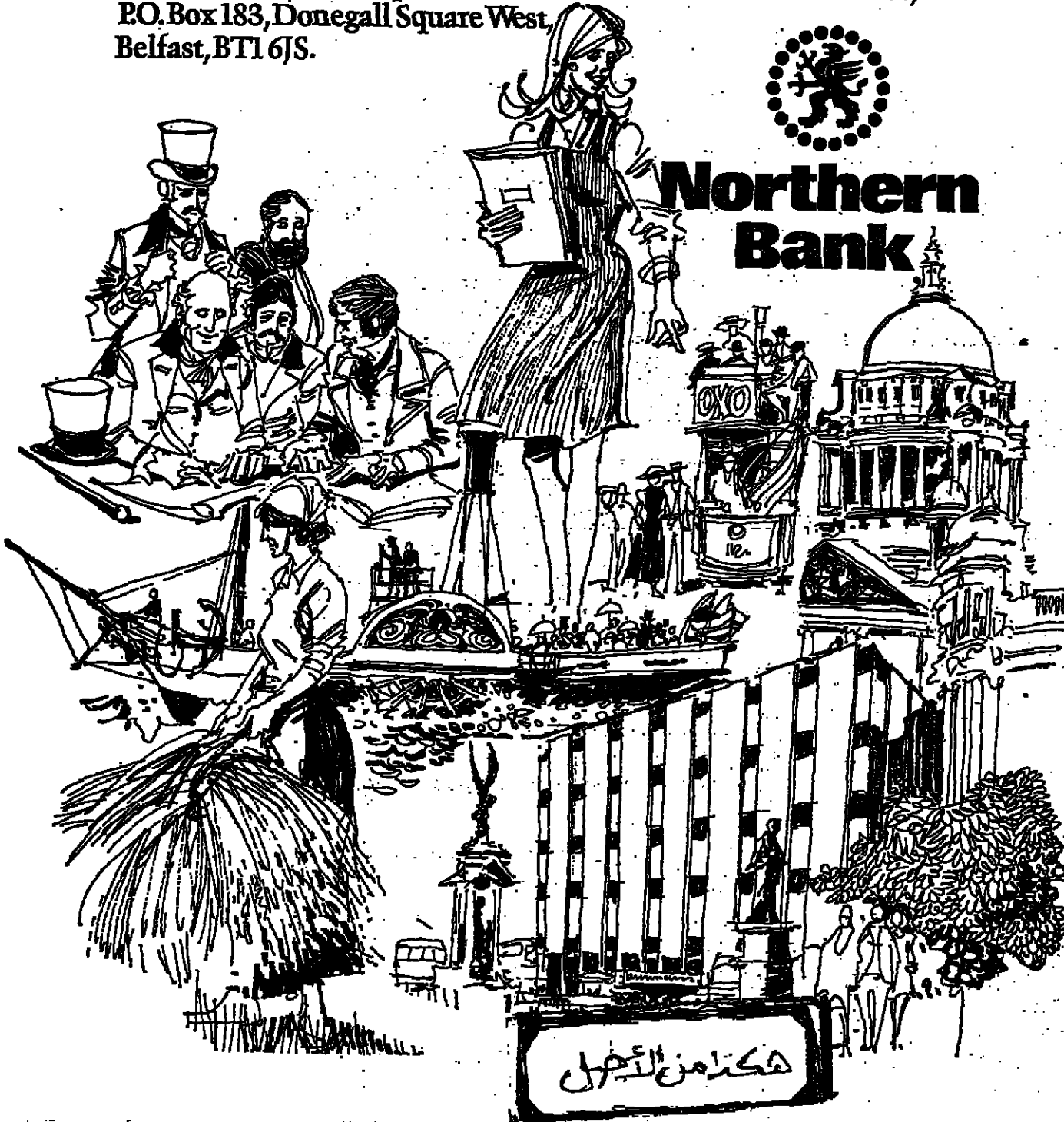
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**Northern  
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THE BLEAK picture of Northern Ireland's economy which emerges from looking at the latest set of indicators cannot be blamed entirely on the "troubles". The province's manufacturing industries are old and ailing ones and Ulster may well have become a depressed area like parts of Scotland or Northeast England, in any event.

What the ten years of civil unrest have so far managed to prevent is the attraction of new industries to replace the old, and revitalise the economy. There were signs that this process was really taking off in the years 1962-69. The great hope is that there could again be an influx of foreign investment sufficient to reduce Northern Ireland's chronically high unemployment rates to more normal levels.

Ulster saw its industrial heyday in the late 19th and early 20th centuries, when water-based industries such as shipbuilding, textiles and certain forms of engineering proliferated. Now these industries are in decline.

Where, for example, Harland and Wolff employed 25,000 people even in the 1950s, today the figure is down to 7,000. It is still the second largest single manufacturing employer in the province. But in the past 15 years it has swallowed up £150m of government subsidies.

Last year the Government gave a further £21m to offset operating losses but this has been used up. The yard has virtually run out of orders, it is suffering from the worldwide recession in shipbuilding.

Its problems, however, are compounded by the fact that large sums of money were spent in 1973 converting the yard so that it could build supertankers — a market which has all but dried up.

The company's results for 1979, which are due this month, are expected to show a substantial loss. The Government has said it is unhappy about low productivity at the yard and has hinted that unlike previous

administration it will not go on subsidising Harland indefinitely. Further redundancies seem inevitable, although it is difficult to imagine that the Government will shut down the yard completely.

A similar tale of woe is to be found at Courtaulds, the single largest employer in manufacturing industry. The worldwide recession in general and the stagnant British economy in particular have resulted in substantial lay-offs in the past year, and more are possible. This would mean Courtaulds would employ fewer than 8,000 people compared with more than 9,000 a year ago.

Quick effect

There are only 11m people in Ulster, and although trade with the Republic is growing, Britain is far away the major export market. If the British economy slows down it has an automatic and quick effect on Northern Ireland's economy. Moreover, stagnation in Britain means fewer jobs for immigrants from Northern Ireland. It has been estimated that up to 10,000 workers cross the Irish Sea each year, although many do not stay, but work seasonally.

Agriculture too is shedding workers. Farms in Northern Ireland are efficient, but farmers feel they suffer from Britain's policy of protecting the consumer. This is in contrast to the Republic, where "green" pound devaluations have ensured good prices for produce. In Northern Ireland, farmers have had to become more efficient to survive, and this has meant labour leaving the land.

All this means that unemployment in Northern Ireland is currently a shade under 70,000 people out of a workforce of 550,000. This is 12 per cent or twice the level in Britain. The general expectation is that before the end of the year, the level could creep up to between 13 and 15 per cent without too much difficulty.

Moreover, this overall level obscures the fact that there has been a rise in the number of women working, particularly in

the service sector. According to a management consultants report by Coopers and Lybrand earlier this year, the service sector has grown from 53 per cent of the workforce in 1973 to 71 per cent this year.

The corollary is that employment of men in manufacturing has been dropping steadily. (So too for that matter has production. Coopers Lybrand estimate that this production in manufacturing could fall by as much as 4 per cent.)

Because men tend to be better paid than women, wages are inclined to lag behind those in Britain. The people of Northern Ireland are probably, with a per capita income of £2,300, the poorest in Britain. The Republic, traditionally, the poor neighbour, has caught up with Northern Ireland and will probably surpass it within a decade.

Moreover, the cost of living in Northern Ireland is perhaps 1 to 2 per cent higher than in Britain. This is largely because of the cost of imported food and energy.

For example, Northern Ireland is not connected to North Sea Gas and what gas there is is naphtha-derived. It costs 60p a therm or more than three times the cost in Britain. It looks as if gas is going to be phased out by the Government. Already 90 per cent of the province's energy needs are met by oil. Even here though the price is marginally higher because it needs to be imported.

The cost of all these ills is £1bn net to the British tax payer. Westminster this year (1979-80) gave a budget of just over £20n. When tax and other receipts are stripped out, however, the figure drops to £1bn. There is, of course, a direct cost of the "troubles." To industry there is, and has been, insurance payments for blown up premises and people killed or injured.

There is also, the direct cost of having the Army in the province. The cost this year should amount to something like £80-£100m. Additionally there is the cost of the prisons

and the judiciary, and probably a higher cost than elsewhere in terms of social security and other benefits. All in all, Northern Ireland probably costs one third to one half more than does Scotland. Most but not all this extra is because of the security situation.

The remainder is spent on running essential services, and trying to attract new industries. This is seen as the only way that the economy can recover and push unemployment back down to the pre-troubles norm of around 7 per cent.

The indirect cost of the civil unrest has been that between 1970 and 1978 30 new foreign companies entered the province, despite massive incentives. These incentives are dealt with elsewhere in the survey. They are arguably not as good as those offered in the Republic, because Ireland gives better tax concessions. But the attractions seem good enough to now put in sufficient numbers of companies, or nearly sufficient.

Promises

It has been estimated that if the province is to get the unemployment level back down to the 7 per cent figure then the need is to create 7,000 new jobs each year. Between the end of 1978 and early this year, some 40m foreign companies with promises to create nearly 6,000 new jobs had agreed to start up. More companies are apparently in the pipeline.

The Department of Trade and Commerce is particularly interested in aerospace and related industries. In Short Brothers, the province already has a successful aircraft manufacturer. Two U.S. aerospace concerns have shown interest in investing in the province. There may well be others.

In order to keep the companies arriving, however, the Government will have to go on offering incentives and spending money to offset the bad image. The success of the foreign investment drive, is of course predicated on there not being a renewed flare up of violence.

Stewart Dalby

## Investment: the mood changes at Westminster

BY 1985, 1,250 people should be producing 200 examples a year of a futuristic-looking executive aircraft made largely of carbon fibre, inside the former RAF maintenance depot at Belfast's Aldergrove airport.

Not surprisingly, the parallels with the sports car project now being completed 20 miles away on the other side of the city — another new U.S.-controlled company, producing a new vehicle by unconventional processes — have led to Learavia's Lear Fan jet being dubbed "the flying DeLorean".

More significant, however, are the differences. DeLorean is receiving £56m in Government aid for the 2,000 jobs envisaged. For its 1,250, Learavia will have the £3.5m it is putting into the new manufacturing company, Lear Fan Ltd, matched by the Department of Commerce — and that in the form of a loan convertible into equity.

Learavia, of Reno, Nevada, will have a 51 per cent stake, the Government 49 per cent. If the loan is converted, the money would be recovered by royalties on aircraft sales.

When development is completed in 1982, the company can expect that of the £20m needed to set up manufacturing, 40 per cent will be provided under grant aid schemes. Otherwise, it is on its own: if private development capital is not forthcoming, or if the project hits technical snags the Government can end the agreement and call in its loan.

Scrutinised

The Learavia agreement clearly illustrates the new mood at Westminster. The Learavia project is believed to have been scrutinised by Sir Keith Joseph himself. Few doubt that John DeLorean should be thanking his lucky stars that he is not trying to set up his sports car plant now.

Three months ago, the Department of Commerce had its knuckles rapped in the Commons public accounts select committee over its handling of aid to incoming industry: the particular issue then was money pumped into a Courtaulds plant where the hoped-for 2,000 jobs stuck at 800, leaving the cost per job at £28,000.

Both Northern Ireland's foreign investment incentives and the institutions which administer them — the Department and the Northern Ireland Development Agency — have been reviewed. In the event, the current incentives, the highest in the UK will stay, though the province has not been exempted from the additional criteria of "addition-

ality" (without aid, the project would not go ahead) and "efficiency" (jobs created must be more productive and more secure) attached last year to UK regional aid policy.

Despite pressure from unions, the Northern Ireland Economic Council and other bodies for one unified body on the lines of the Republic's Irish Development Agency, the institutions structure is also staying intact, not least because change, probably involving legislation, would disrupt the job promotions drive. The long gap between 1970 and 1976 when the Troubles stopped foreign investment dead, has left the Province cruelly missing the expansions which by now would logically be following on from companies setting up then. It cannot afford any more such gaps.

But new guidelines are still being worked out for NIDA, in which some at least of the higher-risk merchant banking functions which it effectively fulfils are likely to be curtailed.

The developments, and the select committee hearing in particular, has left the Province's aid departments smarting. Small wonder that its officials feel ground between two increasingly heavy millstones.

Despite their efforts, job creation, both from outside investment and domestically generated, is trailing well behind the jobs being lost from agriculture and Ulster's traditional industrial sectors. Mr. C. J. Shaw, Minister responsible for industry, recently made considerable play of the 3,300 jobs promoted in this year's first quarter. But job promotions can take several years to become actual jobs, and Mr. Shaw did not mention the 4,600 lost during the same period.

A recent Coopers and Lybrand study of the province's economy warns of a "worst case" situation in which 100,000 — 16 per cent of the workforce — could be jobless by the end of this year. That is regarded as pessimistic, but it could easily be 131 per cent.

Northern Ireland officials' efforts have been compared unfavourably, and unfairly, with those of its IRA counterpart in the south. The IRA may be drawing in more investment, but it has had neither the Troubles nor anything resembling large-scale manufacturing industry to decline. Until objections from EEC partners prevailed, it could also boast of a tax holiday on exports to potential investors. After January, 1981, incoming industry will face a not exactly crippling 10 per cent corporation tax.

New thoughts on incentives from Westminster cannot be ruled out but creating the post starting tax incentives of the Republic can be, because of both the predictable howls from other UK regions, feeling the pinch and the potential problem of UK companies juggling profit centres to minimise tax bills.

In any case, labyrinthine UK investment incentives tend to obscure from potential investors the fact that for many incoming investors the bald figure of 52 per cent corporation tax translates in reality to only about 16 per cent in the first ten years.

Pressure

The likelihood is that in the absence of a quantum leap in Westminster thinking about Ulster's economic problems and the peculiar political dimension attached to them, the investment bodies will soldier on, steadily losing ground until the next upturn in the UK economy as a whole, to the tail of which Ulster clings, takes at least some of the pressure off.

It is not that Northern Ireland development officials have done badly; rather that the problems are so large.

As this survey was being prepared, the province was waiting to know how big an axe is to fall on shipbuilders Harland and Wolff. Probably, 2,000 more will soon be looking for work.

The bright spot is that, at a speed which has accelerated since 1977, these same development officials are pulling in new investment from the U.S.

Learavia is among the latest, and its credentials are good: the late Bill Lear, of Lear Jet fame, was its designer. With a speed of over 400 mph, 11 mpg fuel consumption and a ceiling of over 40,000 feet, it promises to set a new standard in executive aircraft and there are already over 140 orders for it.

Gulfstream is also looking at the province as a centre for light aircraft production, possibly offering 1,000 jobs, and is talk-

ing terms and locations with NIDA.

Dupont is expanding its neoprene plant at Maydown, with a £50m synthetic rubber plant projected for late this year.

Altogether, about a dozen U.S. projects have been announced in the past two years, bringing the number of American-owned companies to well over 20, with a total job potential of about 30,000 — 20 per cent of the manufacturing workforce. They also include General Motors, whose production of seat belts is about to start in Dundonald; Hyster Fork Lift Trucks, providing jobs for 600 at Craigavon; Hughes Tool and DeLorean.

Most are enthusiastic about the province and about the workforce, with its long industrial traditions, the relative absence of disputes and the productivity levels. The last has consistently outpaced the rest of the UK by a big margin: between 1969 and 1978 productivity rose by 44 per cent, against 27 per cent for the UK as a whole.

It is significant that General Motors, even before the seat belt plant starts production, is to found another factory. Through its subsidiary, Fisher Body, it plans to make vehicle seats in West Belfast, adding 450 jobs to the 800 already in the pipeline. Indeed, with DeLorean, GM, Goodyear, Michelin, Ford, Tenneco Walker and most recently, Chamberlain Phipps of Northampton setting up a trim plant — first customer, DeLorean — it could be fairly said that Ulster is becoming a centre for car components.

New British investment is also represented by the Post Office's decision to establish its systems software engineering centre in the province. And that will provide precisely the kind of high-technology industry for which the province is so desperately searching.

John Griffiths

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# Lay-offs add to industry gloom

THE HISTORIC town of Carrickfergus, on the northern shore of Belfast Lough, was once the showpiece of Northern Ireland's industrial success story. Flanked on one side by Courtaulds and on the other by ICI Fibres, the town had little unemployment and its inhabitants took comfort from the fact that it lay at the centre of the boom in man-made fibre production.

Today Carrickfergus is disillusioned by a series of major closures and contractions. In two years, 2,000 jobs have disappeared, largely because of the decline in fibre production. Over the past nine months the rate of job losses has accelerated and little has happened to bring any hope of new industries which would reverse the trend.

## Contraction

The experience, in different degrees, has been repeated in other centres in the province. The pressures on the textile industry, the decline of the Belfast shipyard and the generally poor performance of many of the industrial sectors have overshadowed what positive developments there have been. Almost a third of the UK's man-made fibre capacity was once concentrated in N. Ireland, so the contraction has been all the more strongly felt. Last autumn Courtaulds drastically pruned back its polyester operation in the face of mounting losses, which it blamed on rapidly rising raw material costs and severe competition from the U.S. About 650 people lost their jobs at Carrickfergus, Larne and Londonderry. In February this year the company said it was ceasing polyester manufacture altogether, making another 230 redundant.

The first shock was accompanied by ICI's decision to reduce its 1,600 labour force at Carrickfergus by 400, as a result of over-capacity in polyester filament yarns. In recent weeks Courtaulds has said it would shut its viscose staple fibre plant at Carrickfergus, putting another 560 out of work, and this time it said it was making losses on some of its export business. The trade unions are pledged to fight the cutback, but there is an inevitability about the declining fortunes of man-made fibres which has taken the edge off their protests.

Today the company has only one remaining operation at

Carrickfergus, where once there were four processes. What is left of the production of Celon (nylon) is threatened by high overheads, and there are fears that the remaining 330 jobs could be axed and Courtaulds will leave the town for ever.

A factor common to most of these closures has been the impact of cheap fibre imports from the U.S. Britain's action against some imported yarns clearly came too late. Textile production in the first quarter of 1980 was down 9 per cent on the same period in 1979 and is set to drop further when the effects of some closures work through.

Other towns in the province have seen long-standing employers close their doors for the last time. Ballymoney in County Antrim is not a large town and has little hope of replacing the 260 jobs lost when the American-owned Ballymoney Manufacturing Company shut down. When the plant opened in 1967 it was the first new cotton-spinning factory in the UK for many years, but yarn and fabric imports forced it out of business.

## Outlook

The decrease in the number of manufacturing industry workers has also been brought about by declines in engineering, and the outlook here is far from rosy. Harland and Wolff, the shipbuilding company owned by the Government through the N. Ireland Department of Commerce, is awaiting the results of a Government review of its prospects, which is expected to lead to more redundancies.

The shipyard is now building three British Rail ferries and two liquid petroleum gas carriers. About 1,000 pay offs since last summer have reduced the labour force to 7,000. The company's financial performance for the year has yet to be revealed but after a 1978 loss of £25m the Government limited the amount of losses it would fund in 1979 to £22m and the impending announcement about future aid is likely to be harsh.

However, if a smaller shipbuilding company is what emerges, there are some signs that the order position might improve. More ferries are needed in the home market, a good performance with the gas carriers could mean future orders, and the company is tendering for a BP tanker and

a British Steel bulk carrier.

One relief to the company has been the end of the uncertainty about two 338,000-tonne supertankers which had been the subject of arbitration between Harland and Wolff and American owners who had refused to take delivery. The two ships were worth £56m, almost all of which had been paid to the builders before the dispute began. Both sides have now agreed to terminate the arbitration and a settlement, under which the owners have taken delivery, is understood to have been financially satisfactory to the shipyard.

Short Bros., in contrast to their shipbuilding neighbours,

are experiencing buoyancy in their orders for aircraft and aerospace products. The company's flagship, the 30-seater 330 aircraft, has brought orders or options for 64 from 18 airlines in seven countries. The most recent sale was two aircraft worth £2.5m to Olympic Airways, the Greek national airline. The older Skyvan freighter has sold 131 to date and the company's guided missile systems continue to contribute heavily to its export sales.

Perhaps the strongest side of the company's business is the aerostuctures division, which has been bolstered by orders for 400 sets of inner wing flap assemblies for the new Boeing

757 airliner. At the same time this division is the leading engine podding contractor in Europe, handling all the work on Rolls-Royce RB 211 series, and it ships seven sets of landing gear doors for Boeing 747s each month.

Now totalling 6,700, Short's labour force will soon be larger than the once mammoth shipyard's. It is an example of how high technology can help keep industry out in front in a province where traditional manufacturing companies have sharply declined and where the UK's economic recession is magnified.

Alan Watson



Harland and Wolff: the shipyard awaits the results of a Government review of its prospects

# DeLorean car venture nearing production

LAST MONTH a solitary, low-slung two-seater stood parked alongside a stack of plastic bodies at the back of one of several vast and anonymous new buildings on a 72-acre site at Dunmurry, West Belfast. It provided the only immediate clue that former General Motors executive John DeLorean's dream of producing his own, Ulster-built sports car is about to become reality.

Inside the building, however, many of the 150 production workers taken on so far were hard at work building up half a dozen more cars, then taking them apart again—familiarising themselves with car and processes before moving into the 250,000 sq ft main assembly building for pilot production in July and August, before the line starts to roll in earnest in late September.

By early next year, nearly 1,000 people should be on the payroll, most of them directly assembling the 120 mph gull wing-doored, stainless steel coupe on which rides so much hope and £56m of UK Government grants and loans—of reducing the area's chronically high unemployment rate. If all goes well, production will have built up from an annual rate of 2,000 cars a year by the end of 1980 to 30,000 a year in 1982, providing jobs for 2,000 and DeLorean forecasts a potential total of 9,000—more than are currently

employed at Harland and Wolff—in the years to come.

That depends, however, on broadening both the model range and markets beyond that of the U.S., which will take all of the first two years' production.

Both matters are in hand. DeLorean is currently deep into negotiations with Ital Design of Turin—whose Giugiaro is responsible for the design of the existing DMC 12 two-seater—on the next car, a saloon closely based on the sports car and destined to appear in 1983. It is also negotiating with Lotus another deal under which the latter would undertake engineering development of the saloon. The current sports car itself was handed over to Lotus more than a year ago, and it is Lotus which has turned DeLorean's basic ideas into a practicable, roadgoing proposition.

## First priority

Meanwhile, former Saab U.S. President Jonas S. Kjellberg, is at work setting up dealerships in Europe and the Middle and Far East. First priority is West Germany, where negotiations are proceeding with two distributors and from which will be covered Austria and Belgium. It is talking with three potential distributors in the UK, others throughout Europe, and with two in the Middle East. Talks

are said to be far advanced with Japan's biggest importer, with the car to be shown at the next Tokyo motor show.

For all that, the U.S. will remain much the largest market—potential annual sales of the DMC 12 sports car outside North America are seen as no more than 7,000.

A convertible and other models are also being looked at, and together they may perhaps lead, one far-off day, to the fulfilment of John DeLorean's forecast that the Dunmurry site—wedged between the Protestant Lisburn Road and the Catholic ghetto of Twinstown—could produce 200,000 vehicles a year for markets from San Francisco to Singapore.

But despite the remarkable speed and efficiency with which DeLorean's multi-national team of executives, most with a long automotive industry pedigree, has put the project into motion, it has not been plain sailing.

Eyebrows were raised in March when the company applied for more Government aid, believed to be between £5m and £8m, to compensate for inflation on completing the plant and tooling costs. No decision has been made, but Mr Giles Shaw, the Minister responsible for industry in Northern Ireland, has made clear it is being closely assessed on merits.

If the Government does not come across, Mr Joe Daley, De-

Lorean's finance director, says he will probably seek loan guarantees from the province's Department of Commerce or ECGD, and obtain the funds from the commercial banking sector. Without those guarantees there could be a problem: "At the moment we've got no track record," admits Mr Daley, "but as soon as we're in production and selling cars we'll be in a totally different situation commercially."

Meanwhile, the all-important U.S. market has taken a 25 per cent dive this year. Imports and sports cars have stood up fairly well, but the domestic giants have large unsold inventories and are likely to delay their 1981 model launch from September to November/December. The gloom is inappropriate to a new car launch, says DeLorean, and the DMC 12's formal introduction will not therefore take place until January, despite the fact that the company has announced the forward sale of the first two years' production of 40,000 cars to its 345 dealers.

More to the point, perhaps, is that the production schedule has slipped slightly. Mr. George Broomfield, manufacturing director, estimates it will be late September or early October before production cars are coming off the line. Given that, as Mr. Broomfield puts it bluntly, "I'd rather have a bunch of screaming dealers than

a bum car," a January launch sounds about right. That does, however, mean three months in which the expected revenue will not be coming in.

The cornerstone of DeLorean's marketing is that the DMC 12 should sell at no more than \$23,500 above a well-equipped version of General Motors' Corvette sports car (which has annual sales of about 50,000). The retail price of the DMC 12 is now expected to be a shade under \$20,000, in line—just—with the target. But DeLorean's projections of a \$60m annual profit on 30,000 cars a year, with break-even at 13,000 units, have been based on \$2.20 to the £. The day we spoke it stood at \$2.30 and Mr. Daley is concerned that the dollar has gone on being weaker "longer than anyone forecast." DeLorean still has a fairly comfortable margin. But with inflation also running higher in Britain than the U.S., it is understandably anxious about erosion.

## Convinced

DeLorean remains convinced an adequate market exists, based on the steady increase in volume and market share for sports cars in the U.S. Whether it is proved right only time will tell.

In the meantime, with U.S. federal legislation requiring a fleet average of 28.5 U.S. miles

per gallon by 1985, DeLorean is working on other technical aspects.

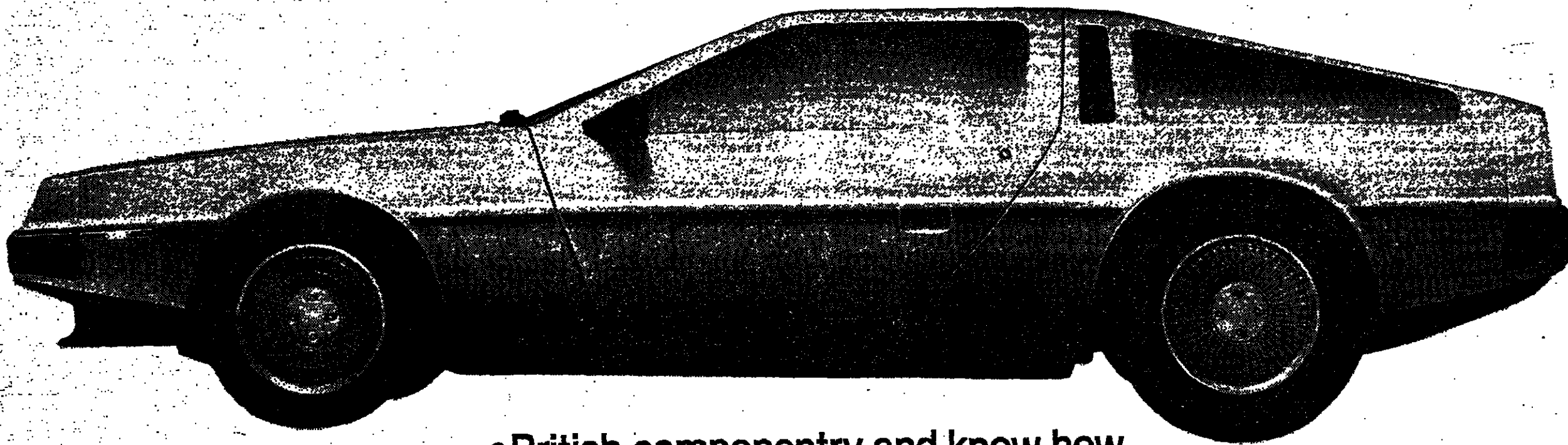
It has fuel economy projects with Lotus, Bosch and Renault, and a four-cylinder turbo-charged unit, is high on the list of future engine possibilities to supplement the current 3-litre Peugeot-Renault-Volvo V6. Which engine that might be is undecided; despite the PRV engine contract, DeLorean has not tied itself to Renault and the field of choice is wide.

John DeLorean has described the DMC 12 as "the ethical car"—with stainless steel panels, plastic body and stainless steel subframes and a minimum life of 15 years. In fact, the subframes, because of welding difficulties with stainless steel, will now be of ordinary steel but zinc-plated. The change will not necessarily shorten the life of the car, and in any case the subframes would be cheap to replace.

As the Department of Commerce awaits jobs and cash payback on its £22m grants and £16m loans, and the Northern Ireland Development Agency its \$339 per car royalties and the buy-back of its £17.7m equity stake, what both—and Belfast's workers—now fervently hope is that the car itself will be long outlasted by the company. There is little prospect of cheap replacement of the latter.

John Griffiths

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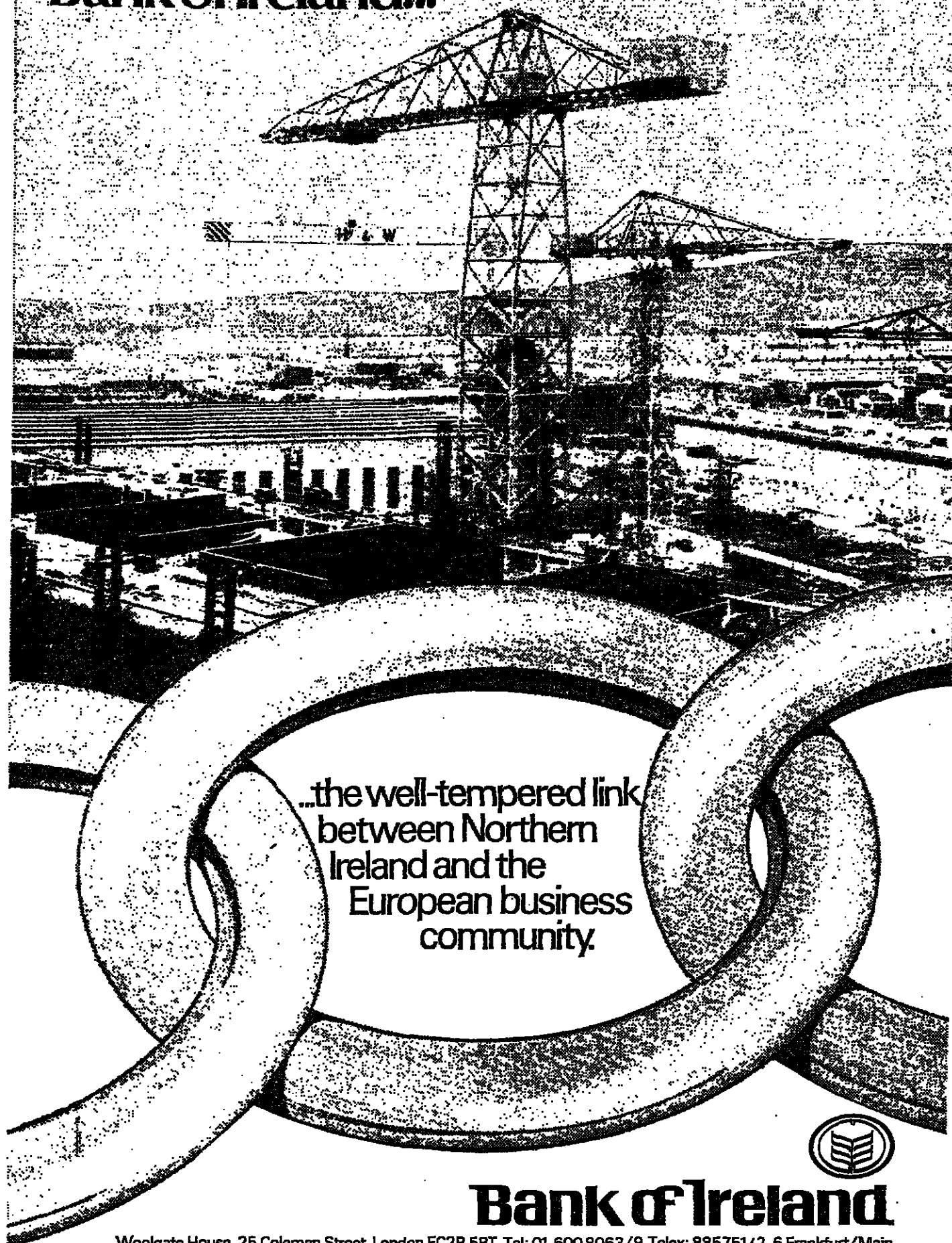
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- American marketing and 347 American dealerships.
- Belfast's tradition for skilled craftsmanship.
- World championship engineering from Colin Chapman and Lotus.
- On-line production, Fall, 1980.

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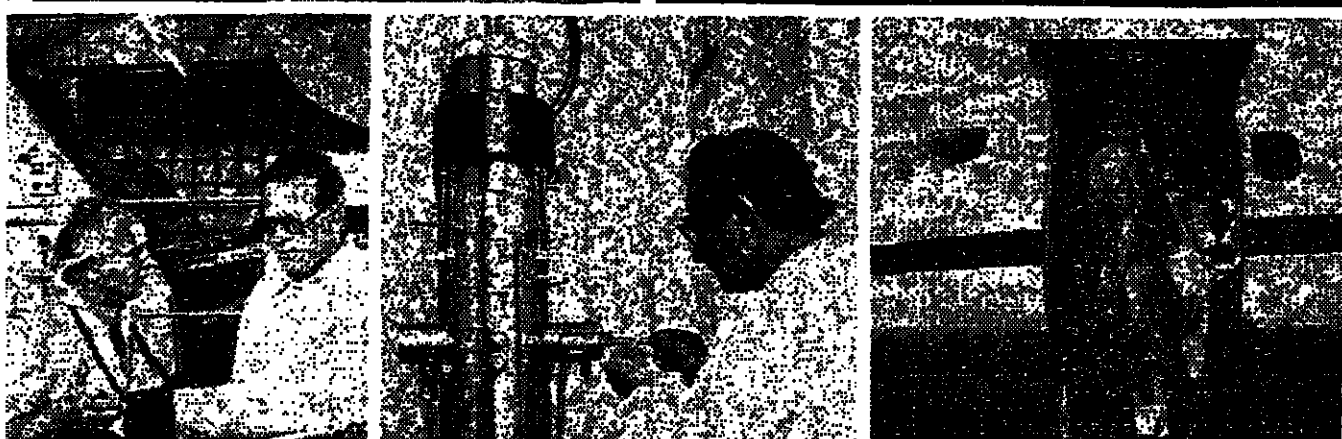
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## NORTHERN IRELAND IV

## Tourism offers promise of future growth

IN A province struggling against industrial decline, tourism offers growth; where traditional manufacturing is seeing job losses, tourism can create them. Northern Ireland could be handling 1.5m visitors a year, despite fierce international competition and without overloading the Fermanagh lakes, the north Antrim coast and the mountains of Mourne, which together comprise a potentially golden Ulster triangle.

Furthermore, the jobs created would cost no more, and in many cases considerably less, than the industrial ones Government departments have sweated blood to attract.

Those broad conclusions were reached last month by Horwath and Horwath, consultants called in by the province's Department of Commerce to undertake the first major study of the structure and prospects of tourism in Northern Ireland.

But in the great that has dogged the efforts of the Northern Ireland Tourist Board since the outbreak of civil unrest in 1969, it warns that "unless peace, law and order are restored in the province, the total volume of visitors is likely to remain between 500,000 and 700,000, with a limit of 750,000, irrespective of the resources devoted to, and the quality of, tourism development, promotion and co-ordination."

## Disagree

While welcoming the bulk of the study, Mr. Robert Hall, the NITB's chief executive, not surprisingly disagrees strongly with the last conclusion. He may well have a point, although it will require a tally of visits at the end of the current season to establish it.

The study splits the province's tourist activity into three phases: the first envisages,

under existing political circumstances, a maximum of 750,000 visitors a year; the second, a return to the 1m or so visitors recorded prior to the Troubles; the third, a maximum "realistic" level of 1.25m. But it sees a return to normality as an essential precondition of both later phases.

Tourist board officials, on the basis of trends since 1978, feel the assessment is too pessimistic. "We are already on the verge of the second phase," Mr. Hall insists.

The trend since 1977 has unquestionably been sharply upwards: from the troubled mid-1970s, when barely 400,000 were visiting each year, the level rose to 496,000 in 1977, to 628,000 a year later and to 728,000 last year. The board is predicting a further 10 per cent increase this year which, if borne out, would indeed be moving into the realms of the study's "phase 2."

At the same time, the study predicts a further 10 per cent sought tourists—holidaymakers rather than those on business or visiting friends and relatives—could not expect to grow beyond 14 per cent of the market unless the province returned to normality.

The holiday market was all but wiped out in the mid-1970s. Even in 1977, after the recovery had started, only 8 per cent of staying visitors described themselves as being on holiday. The following year the level rose to 10 per cent, and last year saw a big jump to nearly 17 per cent, with 118,000 saying they were on holiday, against 64,000 a year earlier.

The recovery could still be set at naught by renewed violence. But it has been surviving for three years, the last of which has seen the killings of Mr. Airey Neave, Lord Mountbatten and the soldiers at Warrenpoint. And none of

these events has deterred Trust House Forte from making what the NITB regards as one of the most significant acts of faith in the province—a 40-acre holiday development on the shores of County Fermanagh's spectacularly beautiful upper Loch Erne.

A joint venture between THF and the Northern Ireland Development Agency, it will cost £1.5m and eventually provide accommodation for up to 400 people and include a hire cruiser base. The first visitors should arrive next year.

## Reluctant

It is the first large-scale venture of its kind in the province and designed to tap the potentially vast activity holiday markets of Europe, North America and—hopefully—Britain. Understandably, most exposed as they have been to the troubles, Britons have proved reluctant to return to the province in the manner of the late 1960s, when 1m holidaymakers flocked across annually from the north and Scotland.

But even they are now returning, helped by events such as the annual fishing festival on Lough Erne, the catches there of up to 200 lb a day would last many an angler of Britain's over-fished waters for a season. The axiom that the Lough is 30 feet deep, 10 of them fish, may be an old one but has some truth—and where the festival in its first year had trouble scratching together entries, this year 800 anglers applied for the 300 places available.

The same applies to the wealth of other activities on which the province is concentrating. Cruising on Lough Erne and other waters is expanding; facilities for sailing, riding, golf—a bewildering 70 courses are contained within

the six counties—and other activities exist in abundance. And overcrowding is hardly a problem.

But the province is in any case, as a matter of policy, moving away from the high-volume, low-spending British market which typified Northern Ireland tourism in the 1960s. High-spending visitors from Europe, in particular West Germany, and North America are arriving in rapidly increasing numbers.

The proportion of visitors from overseas is still only about 15 per cent and no differentiation is currently made between those on business and holidaymakers. But the majority are believed to be on holiday and tourist board officials agree with the study that holidaymakers offer the biggest potential for growth—the study envisages 30 per cent of all visitors eventually—and that the biggest growth within this sector will come from overseas. With 1.25m visitors, the study foresees a 67 per cent increase in overseas visitors, eventually accounting for 20 per cent of the total.

For these reasons, the NITB has thrown substantial efforts into overseas marketing: where Northern Ireland did not feature in any overseas tour operators' operations two years ago, it is now included in 49 in Europe, with a total of over 50 including North America, Australia and New Zealand.

The province within the past few months obtained its first direct air service to the continent—to Amsterdam—and is fighting for a direct link with the U.S. Both are regarded as essential if the industry is to realise a substantial potential to take some of the pressure off the province's troubled economy.

John Griffiths

## Agriculture more efficient

NORTHERN IRELAND'S abundance of green pastureland is enough to tell even the most casual observer that agriculture plays a bigger role in the economy than any other single industry.

Nevertheless, it is a modern industry with efficient, specialised units and fewer smallholdings than a decade ago. In common with other industries in the region and throughout the UK it is having problems with decreasing returns for individual businesses. On top of the financial squeeze, farmers are suffering the effects of their third harsh winter in a row.

The value of agricultural production continues to grow. Gross output reached almost £490m in 1978, the latest year for which full figures are available. However, net income, excluding stock appreciation, fell by around 8 per cent to £44m. Farming costs rose by almost 16 per cent as a result of price increases affecting chemicals, machinery, labour and feedstock.

Farmers rely on banks for much of their financing needs, and the cost of servicing their borrowings has become a heavy and continuing burden.

Estimates for last year show expenses continuing to rise by about the same amount and the increase in market prices seems to have been far from enough to offset soaring costs.

Devaluations of the UK Green Pound, designed to improve the

price received by the farmer, are less rewarding in Northern Ireland because of the land frontier with the Irish Republic.

The Meat Industry Employment Scheme operated by the Government in the province provides beef and pig producers with payments for carcasses presented at local plants with the aim of offsetting the effect of the difference between the UK's and the Republic's Green Pound. But, of course, the level of those payments fell with each successive Green Pound devaluation in Britain.

The province's climate and the past system of land tenure have together given rise to an agricultural sector heavily dependent on grass and the production of grass-based livestock and livestock products. This takes in the production of beef and store cattle and calves, sheep and wool and milk with a total value of £321m in 1978. The largest rise in output by value came from fat cattle, up by 24 per cent to £182m.

## Consequence

In addition, pigmeat, worth £58m, and poultry and eggs, worth £53m, play a significant role but are cereals-based. In past years when imported grain supplies were relatively cheap the cost of boosting the scant home production was not severe. In the middle 1970s the consequence of sharply rising cereal costs meant the value of

the pig and poultry sectors increased by only 30 per cent over the five years to 1978.

Milk production is still the second largest sub-sector, next to fat cattle, and is growing in value at 14 per cent a year, with a current worth of £114m. This growth is accounted for by a 7 per cent rise in the production of milk to 1,136m litres annually and by a rise in price from 9.4p to 10p a litre. The size of the dairy herd is 282,000 cows.

The N. Ireland Milk Marketing Board, which has existed for 25 years, has been encouraged by developments in producing, processing and marketing over the past year and has been able to establish four regional offices in the province.

Dried milk products also gathered strength last year. For instance, Nestlé decided to spend £2.5m on expanding its, canning, filling and packaging facility in County Tyrone, to meet export orders for milk powder from Saudi Arabia, Malaysia, Venezuela and Mauritius.

In the home market, demand for dairy products remained buoyant and butter sales increased.

The maintenance and improvement of farm units of all types is growing steadily more expensive and the rapid development of technology has forced the pace. Bank lending plays a substantial part in financing in order to augment the reinvestment of profits.

November, 1979, figures show that the region's farmers had borrowed £152m, 37 per cent more than a year earlier. The cost of this money was high—about £20m is thought to have been paid in interest last year—and in 1980 interest payments are representing an even more worrying percentage of farm costs.

Major changes in agricultural techniques and in the distribution of the population have led to dwindling numbers of workers on the land. The agricultural labour force now stands at around 65,500, about 3,500 fewer than five years ago, and this move away from the farming life has been a factor in the rise in the region's unemployment. The decline in the number of separate farms continued through 1978 with a drop of 50 to 52,900, reflecting the trend away from mixed-activity units to specialised concerns.

The squeeze of the past two years shows no signs of easing. According to the N. Ireland Department of Agriculture, average incomes for most types of farms have dropped to a level below that achieved in the early '70s. The fittest, however, will go on surviving through even the worst the Irish climate can throw at them. Some 30 per cent of N. Ireland's land is given over to agriculture and no one expects any of its fields to lie fallow for long.

Alan Watson

## Fishing feels the squeeze

FISHERMEN in Northern Ireland, like fishermen in the rest of Britain, are going through a bad time. The reasons are well known. The lack of a Common fisheries policy means that EEC boats have access to Irish coastal waters.

The loss of the Icelandic waters to British deep-sea trawlers five years ago, plus the sudden emergence of Canadian fish, has meant that the British market for white fish, notably cod which was once British-supplied, is now being flooded with foreign imports and this has pushed prices down. Skippers are getting about £14 a box for cod, compared with £22 at this time last year.

There is also the problem of conservation measures. Most Northern Ireland fishermen depended heavily on catches of herring. This year instead of being able to fish all the year round, boats will be restricted to a four-month fishing season starting this month. Northern Ireland has what appears a generous 40 per cent of the total allowable catch (TAC) of 10,000 tonnes in the North Irish Sea. But this is hardly enough to keep everyone happy.

The restrictions on herring and the low prices for white

fish affect different sized operations in different ways. At the smaller end of the business, the one man, part-timer going out in his skiff for herring, is virtually put out of business. Last year, there was a derogation for skiff owners, but the allowable catch was used up in four weeks. There were prosecutions for illegal herring fishing.

At the big boat end of the market, with its seiners, 85 ft long and more jammed with electronic equipment, times have been tough. These boats either cannot catch enough or get a good enough price for what they catch, to make a profit. It costs at least £1,000 a week to keep a large boat like this in business. There are only about six of these boats though out of the fleet of 125 boats. A couple of these big boats have tried going down to Cornwall for the mackerel. But they are the ones suffering the most from the problems of the industry.

The situation in Northern Ireland's three ports, Kilkeel, Ardglass and Portavogie, is not so bad as Hull and Grimsby, where the fleets are dependent on deep sea catches. With the exception of those

few really large boats, whose owners often find it too expensive to put to sea because of the restrictions on herring, most other vessels can make a living. Last year, for example, prices for prawns were very good.

Prawns, in fact, accounted for nearly half of the total catch of 12,500 tonnes landed. This was valued at £9m, and more than two thirds of it was landed in Britain, usually in the Isle of Man or at Fleetwood.

This year prawn or nettop prices are not so good, but some boats have good hopes for whiting and also plaice.

The industry is, moreover, heavily subsidised. Northern Ireland is receiving £1m of the £3m given by the British government as aid to the fishing industry. The Government gives subsidies for new boats and together with help from the EEC Regional Fund, a skipper can find 75 per cent of the cost of a new trawler.

All in all, it does not seem that the province's industry, which employs 700 fishermen and 600 people in the 25 processing plants, will suffer too many job losses.

Stewart Dalby

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of progress











Continued on previous page



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# FT SHARE INFORMATION SERVICE

## LOANS—Continued

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## FOREIGN BONDS & RAILS

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## AMERICANS

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## Over Fifteen Years

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## Undated

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## INTERNATIONAL BANK

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## COMMONWEALTH AND AFRICAN LOANS

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## LOANS

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

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| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## BEERS, WINES AND SPIRITS

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## BUILDING INDUSTRY, TIMBER AND ROADS

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

## BANKS AND HIRE PURCHASE

| Interest | Stock   | Price | Lot   | Yield |
|----------|---------|-------|-------|-------|
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |
| 20%      | 200/210 | 13.12 | 13.12 | 13.12 |

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|-------|------|--------|--------------------|-------|------|-----|-----|----|
| 1950  | June | Nov.   | Am. Sugar 55       | 214   | 20.0 | 3.4 | 6.7 |    |
| 1951  | June | Nov.   | Rosemount 10       | 101   | 10.0 | 1.1 | 5.0 |    |
| 1952  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1953  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1954  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1955  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1956  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1957  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1958  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1959  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1960  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1961  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1962  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1963  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1964  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1965  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1966  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1967  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1968  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1969  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1970  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1971  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1972  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1973  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1974  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1975  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1976  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1977  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1978  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1979  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1980  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1981  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1982  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1983  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1984  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
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| 1986  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1987  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1988  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1989  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1990  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1991  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1992  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1993  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1994  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1995  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1996  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1997  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1998  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 1999  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2000  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2001  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2002  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2003  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2004  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2005  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2006  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2007  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2008  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2009  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2010  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2011  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2012  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2013  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2014  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2015  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2016  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2017  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2018  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2019  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2020  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2021  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2022  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2023  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2024  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2025  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2026  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2027  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2028  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2029  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2030  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2031  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2032  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2033  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2034  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2035  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2036  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2037  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2038  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2039  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2040  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2041  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2042  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2043  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2044  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2045  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2046  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2047  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2048  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2049  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2050  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2051  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2052  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2053  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2054  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2055  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2056  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2057  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2058  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2059  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2060  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2061  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
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| 2063  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2064  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2065  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
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| 2069  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2070  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2071  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2072  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2073  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2074  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2075  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2076  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2077  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2078  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2079  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2080  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2081  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2082  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2083  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2084  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2085  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2086  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2087  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2088  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2089  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2090  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2091  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2092  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2093  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2094  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2095  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2096  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2097  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2098  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2099  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2100  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2101  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2102  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2103  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2104  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2105  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2106  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2107  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2108  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2109  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2110  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2111  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2112  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2113  | June | Nov.   | S. E. C. Corp. Am. | 110   | 10.0 | 1.1 | 5.0 |    |
| 2114  | June | Nov.   | S. E.              |       |      |     |     |    |

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LET THE GIN BE  
HIGH & DRY!

Really Dry Gin



# FINANCIAL TIMES

Monday June 9 1980

Property Investment  
Development and  
Construction  
**Rush & Tompkins**  
GOLDEN JUBILEE 1950-1980

## Workers fear Jaguar sale

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL will tell workers at the Castle Bromwich body plant, Birmingham, today that control of the factory is to be transferred to Jaguar from Pressed Steel-Fisher. The move is bound to arouse suspicions among some BL unions that Jaguar cars is to be sold off.

The decision increases potential for the quality cars operation to function as an independent unit. Though a separate company under the BL umbrella, Jaguar has remained merely a customer of Pressed Steel-Fisher, taking painted bodies from the Castle Bromwich plant.

BL insists that ownership of Jaguar is crucial to its full model range, and denies any

intention to allow a sale.

The switch of management control is likely to be presented today as a logical consequence of the rundown of Castle Bromwich under the rationalisation plan announced by Sir Michael Edwards, the BL chairman.

About 2,000 workers have already left the Birmingham plant, with production of Rover saloon body shells switched to Cowley, Oxford and Mini pressings to Longbridge, Birmingham.

The bulk of Castle Bromwich's work is now for the two Jaguar plants at Coventry.

Advocates of the break-up of BL have long argued that Jaguar, with its premium-priced products and reputation for quality, would be a highly sale-

able operation. One obstacle,

however, might be the need for heavy investment in product development for the new range of models due in the mid-1980s.

Particularly important in the luxury car market is development of an engine consuming less fuel. Jaguar product engineers are delighted with progress on a smaller engine which offers considerable fuel economies with high performance.

To offset development cost of the engine, and other key components, management might look to collaboration with other manufacturers. BL has made clear that it believes collaboration on such projects is crucial to its future independence. Jaguar union leaders, proud

of their quality product, have been pressing to be cut loose from the BL group.

But management stressed during the April strike over a new grading structure, that profitability had to be achieved before private capital would show any interest.

The company hopes to break even this year. It suffered losses approaching £20m last year.

The main cause of the deficit was a shortfall of bodies from Castle Bromwich which disrupted the launch of the Jaguar series III.

The new management structure expected to be announced to workers today is designed to overcome such problems, and improve Jaguar productivity and profitability.

## Economic strategy seems set to stay

By Peter Riddell, Economics Correspondent

THE MUCH-heralded full-day Cabinet meeting on the economy on July 16 will be presented with Treasury proposals for containing public-sector pay rises in the coming year round and for reducing the volume of public expenditure up to 1984.

Any decision on cutting Minimum Lending Rate will be taken separately, possibly earlier, although the debate on timing is finely balanced within Whitehall and the Bank of England.

It has become clear, however, that there is no serious possibility of a big change in direction in economic strategy as a result of the meeting. Even Ministers who are sceptical about the present policy are likely only to express their worries and are unlikely to press further for the time being.

The meeting is being held primarily because Mrs. Thatcher likes occasional long examinations of strategy, as did previous Prime Ministers. The heavy agenda of usual weekly Cabinets has been restricted to discussion about economic policy.

Moreover, July is a convenient date for such stock-taking. It follows this week's OPEC oil-producers' meeting and the Venice economic summit later this month. Also, the Treasury will soon complete its usual post-Budget economic forecasts and analysis, while Whitehall's review of medium-term public-spending plans (known as the FESC exercise) will have reached ministerial decision stage.

In particular, the Treasury is believed to be advising against relaxation in the present policy of a steady year-by-year reduction in the volume of expenditure.

The savings on UK contributions to the EEC Budget—equivalent to 1 per cent of total public spending—will be used to cut public sector borrowing rather than to finance extra expenditure.

Treasury Ministers are more concerned with the relative cost of public spending, especially public sector pay.

Sir Geoffrey Howe, the Chancellor, indicated last Friday that a tough line would be taken in setting cash limits this autumn. He did not mention figures but implied the provision for pay rises would be less than the 14 per cent increase allowed this year.

There is still debate in Whitehall about the exact tactics to be pursued and about whether a clearer indication of the upper limit should be given earlier than last year, while avoiding the setting of a general pay norm.

Time to stop bleating, Lombard, Page 14; Brokers divided over MLR cut, Page 3

## Weather

### UK TODAY

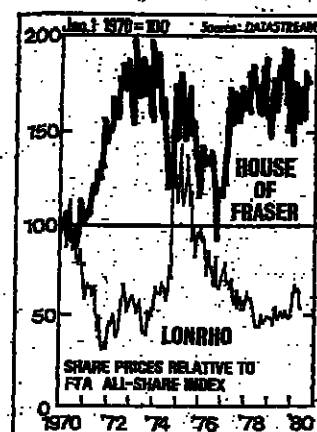
SUNNY intervals; showers, heavy in N.  
London, S.E. and S. England, Channel Is., Midlands, E. Anglia  
Sunny intervals, scattered showers. Max. 17-18C (63-64F).  
E. S.W., N.W., N. and N.E. England, Wales, Lakes, I. of Man  
Showers, heavy in places, sunny intervals. Max. 15-16C (59-61F).

### WORLDWIDE

|                | Y'day  |    | Y'day      |      |    |
|----------------|--------|----|------------|------|----|
|                | midday |    | midday     |      |    |
| Ajaccio        | F 19   | 66 | Lisbon     | F 20 | 86 |
| Algiers        | F 25   | 67 | London     | F 18 | 61 |
| Amsterdam      | F 17   | 23 | Luxembourg | F 17 | 63 |
| Athens         | F 24   | 75 | Madrid     | F 20 | 66 |
| Bahrein        | F 33   | 91 | Luxor      | F 36 | 97 |
| Batavia        | F 24   | 75 | Manila     | F 20 | 66 |
| Bombay         | F 24   | 75 | Moscow     | F 24 | 72 |
| Buenos Aires   | F 24   | 75 | Munich     | F 18 | 64 |
| Calcutta       | F 24   | 75 | Nairobi    | F 18 | 64 |
| Canton         | F 24   | 75 | Paris      | F 18 | 64 |
| Cebu           | F 24   | 75 | Rome       | F 18 | 64 |
| Colon          | F 24   | 75 | Singapore  | F 24 | 75 |
| Hankow         | F 24   | 75 | Sydney     | F 18 | 64 |
| Hong Kong      | F 24   | 75 | Taipei     | F 24 | 75 |
| Kobe           | F 24   | 75 | Tokyo      | F 24 | 75 |
| London         | F 18   | 61 | Yokohama   | F 24 | 75 |
| Lyons          | F 18   | 61 |            |      |    |
| Manila         | F 20   | 66 |            |      |    |
| Medan          | F 24   | 75 |            |      |    |
| Memphis        | F 24   | 75 |            |      |    |
| Mexico City    | F 24   | 75 |            |      |    |
| Mumbai         | F 24   | 75 |            |      |    |
| Nairobi        | F 18   | 64 |            |      |    |
| Paris          | F 18   | 64 |            |      |    |
| Rangoon        | F 24   | 75 |            |      |    |
| Reykjavik      | F 18   | 64 |            |      |    |
| Rio de Janeiro | F 24   | 75 |            |      |    |
| Singapore      | F 24   | 75 |            |      |    |
| Sydney         | F 18   | 64 |            |      |    |
| Taipei         | F 24   | 75 |            |      |    |
| Tokyo          | F 24   | 75 |            |      |    |
| Yokohama       | F 24   | 75 |            |      |    |

## THE LEX COLUMN

# Tiny's hand should be frozen



For one thing, at least, Lorrho deserves thanks: without it, the financial columns of newspapers, well researched or not, would be a lot duller. The group's latest financial spectacular takes place, formally, in Glasgow on Thursday next week at the annual meeting of House of Fraser. But already Lorrho's produced shower of rival circulars and it is leading up to a proxy battle the like of which has hardly been seen in the UK outside takeover bids.

Three questions emerge from the affair. One, which has already been discussed in this column, is whether Lorrho is right to suggest that Fraser should pay a higher dividend; according to the Fraser board Mr. Tiny Rowland originally wanted a final dividend of 8p, then 7.5p, and is in the event pushing for 6p through Lorrho's special resolution. The earlier conclusion here was that Fraser was already fully distributing its current cost earnings, and against a difficult trading background this year there was no reason to think that shareholders of Fraser would benefit from a less prudent distribution policy.

### Higher returns

This is, of course, very much a matter of opinion. Lorrho appears to take the view that although the management of Fraser's stores is competent, its overall financial management is weak. Instead of continuing to plough back resources into low-return retailing it should seek higher return investments elsewhere, or, since the directors "unfortunately lack the experience" to do this, they should give the money back to shareholders.

Lorrho's proportion of the extra dividend would be some £900,000 net, a tidy sum but one which represents only just over 5 per cent of its own dividend cost, and surely not an amount which justifies seriously upsetting the relationship with a major associated company.

This leads on to the second question. Was it wise for Lorrho to take such aggressive measures in seeking to impose its will on Fraser? After the generally favourable Monopolies Commission report and subsequent SUTS takeover last year, the group seemed to be beginning to rebuild its battered reputation in the City. Win or lose, this astonishing affair over the Fraser dividend is going to put the clock right back.

But then, Mr. Rowland has

never seemed to care very much about the establishment. His credit rating stays good as far as the banks are concerned, judging by the way the group's debt rocketed from £347m to £478m in the six months to March.

His appeal has remained comparatively strong, among small investors—though not strong enough to prevent Lorrho's shares from being valued on a low rating. It is tempting to conclude that Mr. Rowland is being influenced by his heady past successes in proxy battles against opponents as varied as Sir Basil Smallpeice and Sheikh Nasser. This time, however, the votes are being cast not by his own faithful followers but by the shareholders of a different company.

If it is not simply a case of a headstrong entrepreneur being carried away by his impulsive ambitions, could there be another more complex reason for the attack on the Fraser board? For the third question is whether Lorrho is somehow seeking to trigger an advantageous change in its financial relationship with Fraser.

The view of Sir Hugh Fraser, for instance, is that Lorrho is trying to gain "creeping control." A logical extension from this is that the extra dividend could be viewed as a bribe to Fraser shareholders, using their own money, as a cover for infiltrating four new Lorrho men on to the board. The resistance would thus be weakened to any deal which might strengthen Lorrho's shareholding.

### Capitalisation

In fact, a straightforward bid would be hard for Lorrho to mount. At current prices, Fraser is capitalised at £211m to Lorrho's £181m. Buy the 70 per cent of Fraser it does not own, at a necessary premium to win shareholders over, would be unlikely to

leave Lorrho any change out of £200m.

It could be significant however that Lorrho is in the process of clearing away restrictive loan stock-trust deeds, so that its borrowing limits will rise from £548m to £725m. This will only leave it just enough headroom on the basis of its current balance sheet, bearing in mind that its shares would not be widely welcome, so the most any bid would have to take the form of cash. But the position might look more affordable on the basis of a pro-forma balance sheet taking in House of Fraser's juicy assets: debt of £688m compares with shareholders' funds of £243m, and its £150m odd of properties are in the books at old valuations which could no doubt be swiftly upgraded—by over £30m, according to the recent directors' report.

Cheaper than an outright bid, of course, would be some sort of exchange of assets for Fraser shares—an injection of hotels, perhaps, or some of the SUTS interests. Acceptance of such a deal, however, would require a much less independently minded board than now controls House of Fraser.

### Favourable terms

It is possible that the whole suggestion of a takeover is a smokescreen, and that the Rowland strategy is in fact to engineer the disposal of the Fraser stake on favourable terms. One interesting suggestion from Fraser is that if it wins the proxy count it will offer the losing Lorrho the opportunity to dispose of its stake by means of a placing organised by its merchant bankers, Warburg.

The possibility of a sell-off by Lorrho does not, however, easily fit in with the various comments littered among the circulars, to the effect that the Fraser share price has been "distorted" by the possibility of a bid, that the rise has been "speculative," and that Fraser shareholders who are confused about how to vote should sell in the market. A skilful dealer like Lorrho would scarcely risk spoiling a market in this way.

It is understandable that shareholders should indeed be confused. But they should be aware that Lorrho's interests may well not coincide with those of other shareholders in House of Fraser. So long as Lorrho remains so coy about its future plans for Fraser, other shareholders would be wise to take its manoeuvres over the dividend entirely at face value. They should vote against Lorrho's resolutions.

## Lloyd's group makes computer provision

BY JOHN MOORE

MEMBERS of a Lloyd's underwriting syndicate, under the management of C. T. Bowring, have been told that substantial reserves have had to be created for outstanding losses on computer-leasing insurance policies.

Mr. R. B. E. Laurie, chief executive of C. T. Bowring (Underwriting Agencies), one of the largest underwriting agency groups in Lloyd's, has told members of group syndicate 360 its the non-marine account, which includes all types of general insurance business, would have produced a good profit for the 1977 underwriting year "had it not been for the substantial reserves which we had to set up to provide for outstanding losses on the computer-leasing policies."

Losses on computer-leasing insurance are expected to rise to £170m for the Lloyd's market as a whole, and are likely to produce the biggest profit set-back for the Lloyd's market in its 300-year history.

Results for the 1977 underwriting year will be released later this year. Lloyd's keeps its accounts open for three years so losses may be taken back to the year in which the business was accepted.

In the last reported underwriting year, 1976, Lloyd's declared total profits of £122.8m.

It has run into serious trouble on computer-leasing underwriting because the market took little account of the rapid rate of advancement in computer technology.

Under the computer-leasing

insurance scheme, computer-leasing companies were insured against early termination of leasing contracts by customers.

When new IBM models and cheaper ranges became available in 1978, almost every customer gave notice of likely cancellation with a view either to changing equipment or renegotiating its lease. More than 14,000 insurance claims flooded into Lloyd's.

In his letter to underwriting members of the Bowring syndicate Mr. Laurie tells his members who participated in the 1977 underwriting account that additional reserves required "will be invested pending the actual settlement of the claims and should help to enhance capital gains and investment income in the next few years."

He tells the members of the syndicate that although motor, aviation, and employers' liability insurance business all closed with underwriting profits on the agency's other managed syndicates, they were not enough to meet losses arising from computer-leasing business.

After consolidating the business from all the syndicates an overall profit was shown only "after taking into account income and capital appreciation earned on syndicate investments."

While the 1978 account of non-marine syndicate 360 is expected to produce "a satisfactory underwriting profit," Mr. Laurie says that the 1979 account "is showing a marked deterioration."

## Auditors may seek oil reserve disclosure

BY MICHAEL LAFFERTY

THE ACCOUNTING Standards Committee plans to ask companies in oil and gas industries to disclose the volume of their proved reserves.

The ASC is the rule-making body for British company accounting matters.

The move is designed to improve the quality of information in oil company annual accounts, which are seen as having significant limitations under present accounting conventions.

Guidance notes setting out ASC's proposals are expected to be published soon. Companies will be asked to give the information in their next published accounts.

The notes are to cope with the special difficulties that oil

companies face in implementing the new inflation accounting standard, SSAP 16.

Under the present accounting system, companies treat some or all exploration expenditure as a fixed asset in their accounts. But the approach does not reflect the fact that some companies may find little oil or gas, while others may be highly successful.

Disclosure of volume data on proved reserves, and of movements within each year, is also seen as a way of bringing the UK into line with developments in the U.S., where companies publish such information.

In other moves to improve the quality of company accounts, the ASC is consider-

ing a proposed discussion paper on goodwill, and a special accounting standard for property investment companies.

Goodwill is an intangible asset that generally appears in accounts when a company pays a higher price for another company than that reflected by book value.

The discussion paper will suggest that goodwill should be written off against operating profits over its useful life. A maximum write-off period of 40 years, similar to that which applies in the U.S., may be suggested.

GEC is an example of a company which has a substantial goodwill item in its balance sheet which it does not depreciate. At March 31, 1979,

its balance sheet recorded goodwill of £170m out of total assets of £1.6bn. This arises almost totally from acquisition of English Electric in 1969-70.

The standard under consideration on property investment companies would require that all assets be carried in accounts at current rather than historical values.

This is seen as a way of overcoming property companies' opposition to providing depreciation on buildings under the historic accounting system.

Under the current-value accounting system being considered, all valuation differences would be transferred to reserves. There would be no requirement that properties be depreciated.

## Australia joins U.S. trust law protest

BY PAUL CHEESERIGHT

THE AUSTRALIAN GOVERNMENT yesterday added to the gathering international opposition to U.S. legal practices which impinge on world trade.

It drew attention to two court activities: attempts to extend U.S. anti-trust jurisdiction over foreigners acting outside the U.S. and the practice of handing down multiple-damage judgments.

Senator Peter Durack, the Attorney-General, disclosed that his Government had questioned the power of the U.S. District Court in Chicago to try the billion-dollar case brought by Westinghouse Electric against U.S. and international uranium producers for allegedly operating a cartel between 1972 and 1975.

It is also seeking agreement among Commonwealth countries not to recognise or enforce U.S. multiple-damage judgments—where compensation to an injured party is multiplied to become punitive damages. The Australian move is further evidence of the resentment in the world trading community at what are seen as U.S. moves challenging the authority of governments to establish their own commercial policies. Acknowledging by implica-

tion the force of this resentment, the U.S. Justice Department has told Judge Prentice Marshall, hearing the Westinghouse case in Chicago, that the views of foreign governments involved "are entitled to appropriate deference."

That prompted the Australian Government's second intervention in the case. Submissions have also been filed by the UK, Canadian, French and Swiss Governments.

The case springs from Westinghouse contracts in the late 1960s and early 1970s, to sell to power utilities uranium it did not possess and had not ordered. Short of 65m pounds of uranium on a rising market, it declared "commercial impracticability" and said it could not make deliveries.

The power utilities sued, Westinghouse, which has since reached settlements with most of them. It counter-attacked in 1976 bringing an anti-trust action, demanding punitive damages against 17 U.S. uranium producers and 12 foreign producers, including Australian companies and members of the Rio Tinto-Zinc group.

Between 1972 and 1975, pro-

ducers outside the U.S. did indeed act collectively on prices and supplies with the encouragement of their Governments.

Westinghouse has charged the producers with operating a cartel—conspiring to prevent it gaining the supplies of uranium it required.

The main case will be heard in September 1981. Meanwhile Gulf Oil, one of the U.S. defendants, has submitted to the Chicago court that the events leading up to the formation of the alleged cartel mean the court has no jurisdiction to try the case.

That is the argument the Australian Government is now supporting. It notes that the U.S. Government from 1964 had an embargo on uranium imports and had taken the view that anti-trust considerations in a free uranium market should be subordinated to the need to protect U.S. producers.

By imposing the embargo, the U.S. Government had removed the uranium market from the free flow of market forces which anti-trust laws are designed to secure, Australia argues.

It seems likely that the

question of the Chicago court's jurisdiction will eventually be tested in higher courts. That might bring further intervention from foreign governments, including that of the UK, where attitudes towards the case are close to those in Australia.

The UK Government will also view sympathetically the Australian move to gather support against U.S. multiple-damage judgments. Senator Durack said he had asked Commonwealth law ministers at a recent meeting in Barbados to agree that such judgments should not be enforced in other countries.

That is a further hint that an international legal front is building up to prevent U.S. courts from extending their jurisdiction outside U.S. territory. The UK has already acted through the Protection of Trading Interests Act, 1980.

Outside the Commonwealth, France, Italy and the Netherlands are considering stronger laws against the long arm of the U.S. courts. Such moves might deter U.S. companies, such as Westinghouse, from contemplating actions in the U.S. courts for trading activities that are legal outside the U.S. even though they may be questioned inside it.

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## EEC summit

stages in the EEC's search for a common position on recycling. But the Venice summit should take matters further.

Some momentum may also be injected into efforts to forge a policy on the North-South dialogue. The European Commission has sent a paper to the summit suggesting one or more summits of leaders from the industrialised and non-industrialised worlds.

David Marsh writes from Basle: Arrangements for improving the recycling of oil revenues are also expected to come under informal discussion by central bankers from 70 to 80 countries meeting here today.

Representatives of central banks from the Middle East, Asia, Latin America and Africa, as well as from East bloc nations, are joining their counterparts from the indus-

trialised countries for the annual meeting of the Bank for International Settlements, owned by the world's leading central banks, and for celebrations marking its 50th anniversary.

Central banks in Europe and Japan have succeeded in recent months in financing part of their countries' oil-related deficits by attracting substantial OPEC inflows on to their banking and securities markets.

Participants at today's meeting are likely to review the further relative decline in the reserve currency importance of the dollar. Recent flows of OPEC money onto domestic markets in West Germany, Japan, France and Switzerland have helped to stabilise exchange markets, in contrast to the disruption caused by previous bouts of reserve diversification.

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## Shirley Williams

speaking on behalf of all of them, Mrs. Williams said they were not interested in a centre party but in trying to fight for the Labour Party.

In an attempt to damp down the argument yesterday, Mr. Peter Shore, Shadow Foreign Secretary and himself a long-standing opponent of the EEC, hit out with equal venom, at both sides of the argument.

Without mentioning any names, he made clear he was annoyed with the way Mr. John Silkin, Shadow Industry Secretary and a possible rival to Mr. Shore in the next Labour leadership contest, had re-opened last week what has always been a very painful subject for Labour. At the same time, he attacked—again without mentioning names—the pro-Marketisers who threaten to quit the party if

their views do not carry the day.

Mr. Shore, a member of the Labour Common Market Safeguards Committee, which, with Mr. Silkin as its standard-bearer, last week launched the new campaign to commit the next Labour Government to unconditional withdrawal from Europe, claimed that there were few issues on which the Labour Party was more united than Europe, with its highly-critical attitude.

"If there are those who cannot learn the lessons of experience or who have irretrievably transferred their loyalties from their own people to European institutions, that is a matter for profound regret," he said in a thinly veiled attack on the pro-Marketisers.

But he went on to be equally scathing about Mr. Silkin by implication.

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